EPISODE TRANSCRIPT

Ask the Breakaways: 3 Advisors Answer Your Questions About Making the Leap

A conversation with Terry Cook of Parcion Private Wealth, Lori Siegel of Centrix Wealth Partners and Michael Henley of Brandywine Oak Private Wealth

Mindy Diamond:

Welcome to a special episode of our podcast series for financial advisors. Today's episode is Ask the Breakaways. Three advisors answer your questions about making the leap. It's a conversation with Terry Cook of Parcian Private Wealth, Lori Siegel of Centrix Wealth Partners, and Michael Henley of Brandywine Oak Private Wealth. 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. Please note, this episode is also available as a video. Visit our website or the YouTube channel for a link to it. 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. For Apple podcast users, I'd be grateful if you'd give the show a review.

Mindy Diamond:

Your input helps 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. After more than 130 episodes of the show, one of the most common responses we've received from listeners is that they wanted to learn more, particularly when it comes to the specifics around interviews with breakaways. That is, more about specific aspects of the advisor's journey as well as what they gained or lost on the independent side. So we saved some of those questions and then sent out a survey via social media and email to listeners like you to find out what else you might want to learn. And today's episode is a compilation of that effort. Many thanks to all of those who participated in that survey. Since we promised complete anonymity, you won't hear your name announced, but you might recognize your question.

Mindy Diamond:

After reviewing the submissions, we got our team together. We looked at some of our most popular breakaway episodes and narrowed it down to three individuals who represented unique stories, client types, and paths to independence. The result, a panel of three awesome advisors who graciously took the time to dig into the details of their journey. So in today's episode, we welcome UBS breakaway Lori Siegel, founding partner of Centrix Wealth Partners, Merrill breakaway Michael Henley, founder and CEO of Brandywine Oak Private Wealth, and UBS breakaway Terry Cook, CEO of Parcion Private Wealth. Each opted for different paths to independence, with Lori joining the independent arm of Raymond James, Michael launching his own RIA with the assistance of Dynasty Financial Partners, and Terry choosing also to launch his own RIA, but taking more of a do-it-yourself route. Each started the journey at different asset levels, Lori at 300 million, Michael at 900 million, and Terry at about a billion three, yet have experienced extraordinary growth in independent.

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Mindy Diamond:

Each also have different client niches, Lori working with high net worth clients, Michael primarily with corporate clients, and Terry with business owners and entrepreneurs. Each had different motivations behind their leap. And while each have different views of some of the nuances of business ownership, one thing they all agree upon, independence was the absolute right path for them. And in this special episode recorded both as a video and audio only format, they answer your questions with grace, authenticity, and candor. So a special thank you to our guests and to you, our listeners, for making this happen. And if you are not already a listener of our podcast series, please visit our website, Apple Podcasts, or your favorite podcast app. So let's get to it. So first of all, I'd like to welcome my partner, Louis Diamond, joining me on the show today.

Louis Diamond:

Excited to do this.

Mindy Diamond:

Yeah. And our esteemed guests, Lori Siegel, Terry Cook, and Michael Henley. Thank you all so much for making the time and sharing your insights with us. We have lots to get to, so let's jump right into it. I have the first question, and I'd like to ask it of each of you. Tell us a little bit about your backgrounds, the firms you came from, where you are now, and how long you've been independent. So why don't we start with you, Lori. We'll go to Terry and then Michael.

Lori Siegel:

So we left UBS after 10 years. Prior to that, we were at Smith Barney for 13. We've had our own business, Centrix Wealth Partners since February 11th, 2019.

Mindy Diamond:

Amazing. And we'll unpack a little more about how it's going, but thank you for sharing that. Terry.

Terry Cook:

Yeah, so I've been doing this 28 years, the first nine with Merrill Lynch and then 16 or so, just over 16, with UBS. And then we launched Parcion Private Wealth October of '19, lifted out 12 individuals from the team.

Mindy Diamond:

Awesome. And again, excited to learn more. We'll come back to that. Michael.

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Michael Henley:

Yes, so we started Brandywine Oak Private Wealth three years ago in July of 2018. We were lifers at Merrill Lynch, so I had a bold as my wedding cake, believe it or not. So we definitely drank the Kool-Aid and it's been three years. Kind of crazy.

Mindy Diamond:

Amazing. Okay. So let's talk a little bit about how life has changed for each of you as an independent. Tell us a little bit about the things that are most different and how you've grown your businesses since inception. So let's start with you, Terry, and we'll go back around. We'll do Terry then Michael then Lori.

Terry Cook:

Yeah. Lots has changed. On a high level, kind of I break it down into, since we've been an independent, obviously there's the part of actually running your own business, which nobody can fully be prepared for in some ways. But as far as the major differences, it's access to tools and investment process, the types of services that we can provide, and then the technology that's available to us. All of those have really added to really fuel our growth. So those are kind of the high level what I would initially point to.

Mindy Diamond:

And how has your business grown since you left?

Terry Cook:

It's grown... I mean, it's on a... I'd hate to jinx myself, but it's on an unsustainable 50 percent a year growth rate, and we're talking about starting with a billion dollar business. So it's been quite remarkable and I'm happy to kind of touch on where I think that comes from, and I think we'll do that.

Mindy Diamond:

We definitely will. Thank you. That's amazing and that's extraordinary growth. Michael, do you agree with what Terry shared in terms of those are the things that are really driving it that's most different? And how has your business grown since you left Merrill?

Michael Henley:

I sure do. I entirely agree with Terry, especially around the technology side. So I would say one of the biggest advantages from our vantage point was the technology solutions, tax planning software, Holistiplan, eMoney Advisor. We're just literally night and day. For those of us who are kind of honestly maybe financial planning nerds that like to get in the weeds on some of this stuff, technology was significantly night and day. I would also add just more recently, we're now in a position to file client's tax returns, something we were never able to do before at a big bank. So being in a position to essentially be able to file the return in the gift tax return states et cetera was super exciting for us.

Mindy Diamond:

That's great. And how has your business grown since you've gone independent?

Michael Henley:

Yeah, so I would say we left Merrill Lynch, we were about 850 million in assets. We're now closing on 1.5 billion, so not quite Terry's growth number. I'm going to talk to him offline about what he's doing. But moving in the right direction, certainly.

Mindy Diamond:

Yeah. It's exciting and wonderful. Okay. Lori, how about you?

Lori Siegel:

All right. Tough acts to follow. Growth rate probably not quite as high as theirs, but a good healthy growth rate. Yeah. Quality of life is better. I feel like we can give more holistic advice. I mean, we were doing some of that at a wirehouse, but just feel the freedom to do everything that we want to do for clients and more control. And I think the big thing, having been through this year and a half of COVID, oh my gosh, if I was sitting at a wirehouse right now, I would be beating my head against the wall.

Mindy Diamond:

Yeah. And why do you think that would be?

Lori Siegel:

Well, because they can't go into the offices and they can't get in sync with their staff. We've been back in our office since last June, and working like before. Now clients are Zooming more and not coming in as much, but we are working as a cohesive unit together.

Mindy Diamond:

Got it. And let me ask a follow-up question to that of any of you who want to take it. Terry, you mentioned the ability to do more for clients and you all seem to agree with that. Can you give us an example, a tangible example of what you mean by that?

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Terry Cook:

Yeah. Michael gave a great example for one, and really the way that we look at and have looked at it for a while, we run a virtual multi-family office model, so it's those family support lifestyle services that are really important and obviously the advanced planning as well. And I think you've heard this story, Mindy. When I was at my prior firm, really just trying to give a talk on table stakes like estate planning, we work with business owners planning up and through liquidity events, just talking to them about estate planning on a presentation I was giving to a group of 200 business owners, I got it marked back with red ink saying "not the advisor's role." This is core to what we do and what we deliver and then you take that further and talk about family support services and it blows the minds of most global national banks. But it's what, in an ever-commoditized investment environment, it's what our clients are demanding. So the ability to really craft your services around the unique needs of the clients is freeing, and I'm sure Lori and Michael agree with that part of it.

Lori Siegel:

Yeah. We're both shaking our head a lot.

Mindy Diamond:

Yeah. Well, any specific examples from you, Lori?

Lori Siegel:

Yeah. Again, my environment, I like to call it independent light because we do clear through Raymond James Financial Services, so our freedom isn't quite what Michael and Terry have. But yeah, the ability to go deeper, the ability to work with outside mortgage companies, the ability to help with 401K plans when the assets aren't here, just everything. It feels so much more open.

Mindy Diamond:

And Michael, is there anything you wanted to add to that?

Michael Henley:

I think I just agree with the same points that Terry and Lori made, but basically around shopping the street on behalf of their clients. It's something like a lending knee. We have a lot of clients right now buy second homes, refinancing, and being in a position to shop Wells Fargo against B of A against Chase against maybe a Rocket Mortgage or Quicken or what have you. You're such a different vantage point with the client, if you will, as opposed to having only one option to choose from.

Louis Diamond:

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And I'm a client of Michael's RIA and I can attest the fact that I think last week, he sent out a notice about... He mentioned adding tax prep services, which is completely different from anything that you could imagine doing in a wirehouse. Very cool. I'll take the next question. Let's start on this one with Michael. Let's go back to your decision-making process about leaving Merrill just about three years ago. What would you consider to be the most important criteria you used when comparing the tough choice of staying versus going, and especially moving to the independent channel?

Michael Henley:

Yeah, I would say, Louis, really what it comes down to is starting with your clients' perspective, if you will. So if I am a client of this advisor or this team, does it really make sense for that advisor to be paid on credit cards and mortgages and lever up my balance sheet? There's a lot of embedded conflicts, so from the clients' perspective, where can I really give the client the most objective conflict-free advice? I think that leads you easily to the RIA space entirely. But I think for me, it was more of a... I was spending a significant amount of my time every year trying to evaluate and navigate the latest compensation plan and what kind of hoops I have to jump through or what I have to do to be paid the same or whatever it is. And it seemed like a lot of my time and energy is much better spent, perhaps, on the tax code and navigating tax law changes for families and not so much the internal changes for large commercial banking.

Louis Diamond:

Very good. And Lori, how would you answer that?

Lori Siegel:

Yeah. Not just how are you paid, but just how are they making our lives more difficult in how we were going to deliver services to our clients? Again, I go back to the beating your head against the wall analogy. There were times when I was just so frustrated. So for us, it was really about how do we get away from that wirehouse bank owns us structure. My partner is in his late 30s and he's got a long runway and I didn't want to see him stuck in this environment for what could be 30 more years. We wanted a good reputation and we wanted control. So that's really what we were looking for. And we were going to something as much as we were going away from something.

Louis Diamond:

Yeah. Well said. I love that line. How about you, Terry? Tough act to follow with those two answers, but...

Terry Cook:

Yeah. That's great. So I won't duplicate because they're spot on. Honestly, I think you have to be honest with yourself. There are some fantastic advisors at wirehouses and there always will be, and that's the right place for a lot of them. I'm just being honest. You have to really want it. You have to really have that entrepreneurial drive. There's such massive choice out there. Not everybody wants that. Some people want it easy and say, "Yeah, you don't have as much choice, but just pick from these" and they'll make it easy and then you're in at nine, out at three. So I mean, that's real, and it's a great lifestyle for some people.

Terry Cook:

We wanted it. We thought we had something different. And I think that's the other point. If you do it different, if you have a differentiated approach at all, you're way deluded at a wirehouse because I know somebody else that works at UBS so I think I know what you do. Once you're independent, then you can brand around that difference and be known for that. But if you don't have a differentiated approach or value proposition, then maybe a wirehouse is the best place.

Louis Diamond:

Thank you. And Terry, the next question I'll turn to you. What was the most important piece of prep work you did prior to handing in the resignation letter?

Terry Cook:

I hired some help. There's lots of great resources out there and all shapes and sizes, whether it's kind of a partner firm, platform, whatever. But it's like we tell business owners who are planning for a liquidity event, surround yourself with people who have many reps at the same thing. Don't learn it on your own. It's too important and you've got a day job when you're planning on this. So we hired resources around us with schedules and Gantt charts and resources and vendors and all of thus. The amount of choices can be formidable in and of itself, but I think that's the most important prep work we did.

Louis Diamond:

Perfect. And how about you, Lori?

Lori Siegel:

Yeah. A few things. So first of all, an honest evaluation of your business. What are you doing and are they going to follow you? Have you already built the relationships and differentiated yourself? And kind of put a moat around your business because your former colleagues are coming after you. So I think that's the first thing you really have to look at. And then, are you moving to something you're excited about? We talked to a lot of RJFS business owners, they gave us a lot of time, and so we felt like we knew not everything, but a lot of where we were going. And then spreadsheets, lots of prep work, all the vendors, all the... And we don't have as many as you two did outside of RJFS, but a lot... there's a lot of work to be done. I mean, I don't think you can do this in less than a year, maybe more.

Terry Cook:

Mm-hmm (affirmative).

Louis Diamond:

Yeah. It's definitely... it's the biggest move you'll make in your career and you're launching into your own business, so you don't want to do it haphazardly at all. Michael, same question for you with an additional wrinkle. I'd love if you can share how you got up to speed about the independent space. I know you're a student of the industry, so what did you find to be the most effective and efficient way to learn about what an RIA was and all the different possibilities that exist on this other side of the industry?

Michael Henley:

For me, Louis, it was actually a couple different podcasts. One of them was certainly this podcast. I thought it was phenomenal. It actually got me turned onto the independent space in the first place. Michael Kitces's podcast as well was phenomenal, the Financial Advisor Success Podcast. And actually, I think the biggest maybe a-ha moment for me was doing my certified private wealth advisor designation out in Chicago. Michael Kitces is one of the instructors. I just remember talking to him after the fact, he said, "You seem like you're really passionate about this stuff. You'll love the industry. Have you thought about the RIA space?" And I think him asking me that question, I just said, "I don't know."

Michael Henley:

I didn't really know and I would say there's a couple podcasts, I'm talking about Michael Kitces's specifically, but I would say specific to maybe things that I would do again, I went to an eMoney conference and a T3 conference while I was still at Merrill. I paid for it obviously out of pocket, but I think that was a good way to really get thrown into "Hey, here's what this all looks like. Here's the different tools." Because the demos can often be somewhat anemic in terms of the data you're going to be able to see, but going to a financial planning type tech conference, you'll get kind of an influx of all the different providers.

Louis Diamond:

Very good. And Lori, question for you. What kept you from moving sooner? Why didn't you move five years ago or six years ago?

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Lori Siegel:

Well, so first of all, it took us a while to be unhappy. We weren't moving just to move and we were really at UBS about seven or eight years before we were sort of like, "Oh, this is changing and it's changing rapidly and we're not sure this is really supposed to be our home forever." So that was really the big thing is we weren't previously looking like, "Oh my gosh, we want to go independent." What really did it was "Oh my gosh, we've now worked for two large firms. They're really all the same. I'm surely not going to do that again. Let's see what's out there and what's going to fit for us." And the other thing, quite frankly, my business isn't as big as Terry and Michael's and so I needed to feel that I was at a point that financially made sense to go independent because you do have a lot of costs that you... fixed costs that you're taking on no matter what happens in the stock market. So all of those things came together in 2017, '18, when we really started batting it around.

Mindy Diamond:

Lori, can I ask you a follow-up question?

Lori Siegel:

Mm-hmm (affirmative).

Mindy Diamond:

You mentioned that one of the driving factors was your 30-year-old partner who you didn't want to be stuck at Merrill Lynch.

Lori Siegel:

UBS.

Mindy Diamond:

At UBS. I'm sorry. I'm sorry about that.

Lori Siegel:

That's okay.

Mindy Diamond:

I'm struck by that because we work with a lot of multi-generational teams and it makes sense that a father wouldn't want his son to be stuck or a mother wouldn't want her son to be stuck or something of the sort. But it's probably less common for a senior advisor to be so concerned about the younger generation being stuck when it's not a family member. So what was that about?

Lori Siegel:

He started working with me when he was 19 and he was my intern. Then he became my partner. He's an amazing guy and I want him to have a great future. I think that what this business has to offer is unparalleled anywhere else and I could just see the changes faster than he saw at the wirehouse. And I probably couldn't have stood it any longer because I'm that kind of person and it started irritating me, but from a financial standpoint, I could have stayed. But I just felt for him, that that made more sense and then ultimately, he got fed up enough. There were enough little things that started working on him that he was like, "Okay, yeah, I get it. Let's do it."

Louis Diamond:

That's great. So the same question for Terry around what kept you from moving earlier?

Terry Cook:

I guess I didn't run into you earlier, Louis, and sort of helped me with this. But part of it, well, two things. One is the narrative worked on me, the wirehouse narrative that clients are here because of the wirehouse and the services and the security and all that. So that played on me until really it became my clients demanding me do more for them and their families, and that's where I wanted to take and grow the business around, were those needs. And once a couple sizeable clients said, "Terry, you leave or we leave or we're going to go find another relationship" aside from the wirehouse that I was at, that really started the light going off. So obviously, like anybody who does this successfully, that wishing they did it sooner, but really it happened at the right pace and when the clients were kind of demanding additional services.

Louis Diamond:

It happened when it was meant to. So Michael, I'm going to change gears to you a little bit. Somewhat of a similar question. Was there a point in your career where you wouldn't have made the move to independence? And if so, when and what were the reasons to hold off at that time?

Michael Henley:

No, that's a great question. So I would say that if I was giving advice to a newer advisor, a younger advisor especially, I think as you're building your practice the first 18 to 36 months, having that big brand name behind you can certainly be helpful, whether it's Merrill Lynch, Morgan Stanley, whatever it is. It's a recognizable kind of name brand on Wall Street that can resonate well with prospective clients,

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especially if you're younger in your career. After that client based has been established, let's just say three to five years in, especially if you're on a team, I think by all means, it's where the industry is going.

Michael Henley:

I think it's the right decision for your clients. But I just think super early on, I have... Let's just say individuals reach out to me and want to get into our profession, my advice is usually hey, maybe think about if you need the brand behind you at first, great, but know kind of to begin with the end in mind and know that's not where you're going to spend your entire career. I'm going to be there for three to five years, get great training, I'll go out on my own and do my own thing.

Mindy Diamond:

So let me ask a question of all of you. It's been a different amount of time since you left your respective firms, but in hindsight, how about the transition process? Is there anything about it that you wish you would have done differently? Or how did it go for you? Do you feel like you got the exact right amount of support to make the move? And why don't we start with you, Terry.

Terry Cook:

You don't know what you don't know at the time. I got good help around me. I think you can never fully be prepared for the part of running your own company, whether I could talk to more people about that aspect of it and truly understand what that entailed. Being responsible for the culture. What does it take to lead? How do you leverage your time? On one hand, I say I would have prepped more on that, but I don't really know how you can do it until you do it, how you really know. So that's kind of how I would answer that, Mindy, is just try to get my head around what it's going to take to be a CEO of a business as well as a financial advisor.

Mindy Diamond:

And so who or what was the most impactful in your transition?

Terry Cook:

As far as kind of the resources that I put around me?

Mindy Diamond:

Yeah.

Terry Cook:

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In my situation, I've got to give them credit. I worked with a resource group with Fidelity, that's our custodian, and they put a really strong group of seasoned professionals of all aspects of technology experts, former COO, a number of people to project manage real estate to help us with this and had Gantt charts. So that was the single best resource that I had.

Mindy Diamond:

Great. So Michael, you used Dynasty Financial Partners as a service provider to get from there to here. And Lori, you had Raymond James. So how would you guys answer that question in terms of did you have the exact right amount of support? Is there anything you wish you had or had done differently?

Michael Henley:

I'm happy to jump in. The joke I would make is I would have named our firm Brandywine Oak Private Wealth from the very beginning. We had to change our name. That's a long story I won't get into, but no. By and large, I think, exactly as Terry mentioned, I think it's impossible to be fully prepared. As a business owner, you're essentially kind of trying to play a chess match and a boxing match at the same exact times. You're really trying to play the long game, but then on a day to day basis, it feels like a boxing match. All I can really compare it to is kind of starting off in the business on that training program, if you will. That same excitement, that same passion, that same enthusiasm all comes right back because you're basically, for what it's worth, reselling your clients, if you will, on a new model. But I think by and large, Dynasty was definitely helpful.

Mindy Diamond:

Great. And Lori?

Lori Siegel:

Yeah. RJFS was great for us. Always there. Getting a little bit into the weeds of this for actual things like renting office space. It was a lot more difficult than we thought because we wanted three or 4,000 square feet. Well, you don't get that everywhere. And we had to do a build out. I wish we would have started looking at the space earlier. We had to go into temporary space before our space was finished. And just generally, everything takes longer than you think it's going to, right?

Louis Diamond:

Yeah.

Lori Siegel:

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And then the other thing that I wasn't expecting is for our license to transfer, my partner's transferred in an hour. Mine took three days. I couldn't talk to clients for three days.

Louis Diamond:

Gosh.

Lori Siegel:

Yeah. Hello, Texas.

Louis Diamond:

I'll take the next one. Let's start with one with Terry. Obviously, the economics are a major component of the decision to go independent, but it's at the cost of leaving deferred comp on the table and also the opportunity cost of not getting a 300 percent recruitment deal from another wirehouse or from a W2 model. So for you, how did you reconcile the economic decision?

Terry Cook:

Yeah, especially 26 years in the business when I made the decision. We get paid very well and that's great and for some people, that can be a tough hurdle to get over. I did the rough math, but I don't really even want to look back and do the math because I didn't do it for that, honestly. I did it because I wanted to see where I could take this, where we could grow this to. And I'm going to be fine either way economically. I'm having a lot more fun now. Some days better than others. But the other thing is the opportunity that we're all providing for our team and a growing team on that, and that's pretty cool.

Terry Cook:

You don't have that opportunity in a big global bank. You really can't say, "Hey, I want to craft opportunity. I want to move this person here. I want to call them this. I want to compensate them this way." So the ability to really develop and lift up kind of the next generation is... I underestimated the thrill of that in this role. So I don't know that I answered your question, but for me anyway, it wasn't necessarily... I wasn't necessarily focused on that.

Louis Diamond:

Yeah. It's more focused on what the future can bring and the vision for what you wanted to created. For you, that was an investment worth making. How about for you, Lori? I know part of the business model at Raymond James Financial Services is they do provide some upfront capital, not nearly as much as you can get from a W2 firm, but same question for you. How did you reconcile the economics of all this?

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Lori Siegel:

I would say the same thing. You should never make this change for money. You should be making it for so many other reasons. That being said, if you do your job well, it will come out well for you economically as well as your clients. I did get a modest amount of money upfront. I also never put any of my own money in deferred comp, so I wasn't leaving as much on the table as a lot of people. After Citigroup went to a buck, that never really appealed to me. So it really was not a big financial issue for me.

Louis Diamond:

Perfect. Michael, a little bit different of a twist for you. I remember from working with you and your team back in 2016, 2017 that you had a partner who could have opted for CTP, which is Merrill's Sunset Program. It would be equivalent to Alpha at UBS for Terry and Lori. How did that impact your team's decision to do this?

Michael Henley:

That's a great question. So Steve basically was on the cusp of taking CTP. Thank god he didn't. But basically at the time I was like, "Oh yeah, I'm going to do sixth lane of production. I'll be all top at Merrill Lynch. This is so cool." But I'm so thankful now looking back. But I think it was most impactful for Steve, and I think Lori actually mentioned this as well, is that Steve cares probably more about his team almost as much as his family. I mean, just like we do, we kind of think of our team as an extension of our family. So when Steve realized that six of the eight partners who were between 30 and 35 years old were just unhappy at Merrill, we were just not happy the way that we used to be, Steve said, "I just don't feel right staying here knowing you're not happy. If I leave the business in five years and 15 years from now you're just miserable," knowing how great this industry is or can be, I think that was a big driver for him.

Louis Diamond:

And now, are Steve and Tracy still active in the business or have they been bought out or in the process of being bought out?

Michael Henley:

No. That's a great question. So Steve at the end of this year is going to be selling his equity back to the firm. Tracy, probably five to seven years. But no. It's incredibly flexible. So whereas Merrill was a four year program, they had to come back on as a CA or something or as an investment analyst, here, basically Steve is the chairman and he will do a 10 year equity sale, basically, that will carry him into

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his... I want to say age 80 roughly. He's basically kind of part time now, day and a half a week, loves every minute of being here and has a blast, loves his title, loves everything.

Louis Diamond:

And that was his choice. Probably some advisors are listening saying, "Oh man, it's a 10 year payout?" But that was his choice to get paid out over 10 years, right?

Michael Henley:

Entirely his choice. And even at that point, he'll keep the same title after that, so really no change there whatsoever. Tracy is probably going to do a five year, so it just depends on the person. But really, you're absolutely right. You're in the driver's seat. It's not the firm telling you how you're going to retire, how you're going to work in the future, how many days you have to be in the office, and this insanity is just all kind of out the window.

Mindy Diamond:

Yeah.

Louis Diamond:

Perfect.

Mindy Diamond:

So I want to shift to the clients for a minute, but I do... You're talking and it raises a question. Louis and I were actually talking offline in preparation for this about how a lot of wirehouse advisors are intrigued by the notion of independent, and especially when you begin to talk about the notion of building enterprise value and what a business... a good producing well-run independent business could be worth and sell it on the open market. And today, we know the MNA market is hot as could be. There's an endless supply of buyers and people that want to invest in well-run businesses. But a lot of wirehouse advisors who are thinking about going independent ask this. Okay, it's robust and rich now and there's no shortage of possible acquirers, but how do I know that that's going to be the case five or 10 years from now when I'm ready to do it? Any of you want to take a stab at that, how you might answer that?

Terry Cook:

Well, I'll start. In part, it goes back to my earlier comment about this is not right for everybody. I mean, you have an entrepreneurial risk-taking kind of approach to things, and that's one of the risks. You also have to have confidence or a plan on how you're going to continue to grow. I feel growth is going to get rewarded, whether it's the same multiple as today or in the future. And usually, and I work almost exclusively with business owners who have grown businesses, usually that's very well-rewarded. So that was just the risk that I was willing to take.

Mindy Diamond:

You trusted it.

Terry Cook:

Yeah. I'm certainly not willing to cash out just because the environment is hot right now.

Mindy Diamond:

Right.

Michael Henley:

I agree with exactly what Terry said, Mindy, and I would just add to that. Even if the multiples do compress some from where they are now, if you compare the economics, the after tax long term capital gain treatment to ordinary, it's still night and day. So my personal planning, for example, I'm going to use maybe a 50 percent multiple of where we are now. But I still think when you run the numbers, you're still so much better off as an independent business owner than you are at a W2 employee.

Mindy Diamond:

Got it. Okay. Let's shift to the clients, and I'd love to hear from each of you. Were there any reservations on the part of your clients? What did the pitch sound like? What was the clients' response to your going independent? So why don't we start with you, Lori.

Lori Siegel:

Of course. Okay. I actually went back and looked at my note because you don't think I would remember all this two and a half years later, right? So we said things like we started looking over a year ago to work with a firm where we were not employees of a large bank. We found the perfect partner. Our whole team came with us. That was a big thing for clients. Everybody came with us. I said we wanted to have control over the quality that we could deliver to you with an independent office, but we still wanting backing and outside custody of your assets. We talked a lot about financial segregation, all the things that we all have no matter where you are, but clients don't know that. So we talked about Civic and FDIC and all of those things. And then just what hasn't changed, and that's that we're going to continue to provide our advice to help you with a successful financial outcome.

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Mindy Diamond:

And any clients skeptical of that?

Lori Siegel:

We took, I don't know, 93, 95 percent of what we wanted, which I'm sure these gentlemen did as well. I would say the only thing is, and I think it's gotten worse now, I'm glad we left when we did, is that the people I used to work with, they're offering 30 percent discounts, 50 percent discounts, free fees for a year. So you have to fight that.

Mindy Diamond:

Yeah.

Lori Siegel:

And we came out of it and financially, we were in great shape. It was shocking, frankly, how quickly we surpassed what we were making before, and I'm sure these two would say the same thing. But you've got to take the leap of faith.

Mindy Diamond:

So how long was it until you were making equal to or greater than what you were making before?

Lori Siegel:

I don't know. I mean, I think it was six or eight months because our assets came... We have a small number of households, 110 households. We had our whole team plus RJFS sent people to work with us to do the paperwork, so we left in February and I think we had most of our assets transferred by June.

Mindy Diamond:

That's great. Terry and Michael, how about your experience with the clients?

Terry Cook:

I'll jump in. We work almost exclusively with business owners, yet 26 years into my career, I had never been one. So that resonated with them and they could all remember when they started their business and why they started their business because they thought they had a better product or a better service that they could provide. So that was great having that focused conversation. The flip side to that, the business owners, they may love you, but they're still going to ask the hard questions and they're still going to make a business decision. And that sharpened us. Some of the arrows that the firm that we left would throw at us would be around safety and security, what's a small firm, what's Parcion, and we're UBS, Bank of Switzerland.

Terry Cook:

Well, then we would just talk to them about our custodian and our custodian took no federal bailout money in the financial crisis and didn't have those types of risks and you didn't have to read about your bank's credit rating going to the floor every recession. And then we talked about the safety and security and technology around that. So it's an easy one, easy bridge to cross, but you just have to be ready for it and eyes open. I got to try everything. And my last point would be your clients give you some gifts when you leave, and some of those gifts are by the not coming. Some of those clients are the ones that took up most of your time, didn't get your value proposition, and free you up for other opportunities. And it was truly the case in our situation.

Mindy Diamond:

So was it the case of shrink to grow? Did you leave assets behind?

Terry Cook:

We left some. We were probably about 85 percent. And we had... We're $10,000,000 minimums, so we didn't have a lot... We didn't have a tiered book, so to speak. But that 15 percent was made up while we were still transitioning the other 85 percent we didn't take.

Mindy Diamond:

Mm-hmm (affirmative). Got it. How about you, Michael?

Michael Henley:

Yeah. I could not agree more. I think we just really stressed that hey, we finally concluded that separating perhaps where you get your financial advice from where financial products are manufactured is probably in your best interest. I think kind of mimicking the family office model was an easy conversation. And I do think, to Lori's point, that waiving the fees for a year or something they were aggressively doing, I think that's really something you have to just explain to the client. Look, do not be seduced by discounted financial advice. I mean, just think about all the other ways they can make money off of you. They can waive the fees for a year and still be profitable. There's a lot of other sources of revenue for these big banks. So it kind of reiterates the point that we're all driving home.

Mindy Diamond:

And any skeptics?

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Michael Henley:

I would say we had some clients that were on the fence, but once you really explain that the Fidelity investments still were the custodians and had just gotten so significant, they're bigger than the wirehouses, you can really... I think the stability of the custodians, and everyone knows Fidelity, for example, that was such an easy story. Discount firm, commission free. At the time it wasn't, but basically that was such an easy story to tell. Many of these clients had their 401K plans with Fidelity, so it was an easy... From a reinforcement of stability, that certainly helped.

Mindy Diamond:

Got it.

Louis Diamond:

I'm going to ask more of a kind of granular in the weeds question for whoever wants to take it. A lot of advisors, they lose sleep over many things preparing for a transition. All the decisions. What if so and so doesn't come? What if I get found out? Et cetera. But one of the more basic fears is how do I actually physically tell my manager or my supervising financial professional that I'm leaving? So I'm curious how did the conversation go? What did you say and how did they react when you handed in your resignation notice?

Michael Henley:

Go ahead, Terry. Terry, all you.

Terry Cook:

I mean, in a big firm, a lot of the managers' compensation and livelihood is based on your success and your growth, so it's not a fun conversation. So there were the hard ones where it was suddenly I'm their best friend and then it was adversarial, and then there were the phone calls from their bosses that say, "Hey, I get it. I'm going to miss you. Wish you the best." Which I don't know if that was true, but that's what they said. But at the end of the day, it was one of the most exciting days of my career and so I wasn't going to let anything take away from that. And at that point, it's point of no return, so it's really an exciting time.

Louis Diamond:

Same experience for you, Michael and Lori?

Michael Henley:

Yes. I would say for me, our direct manager was at a concert when we resigned on a Friday afternoon and we called and they answered, live music in the background, had to call me back. And I said, "Hey, I'm resigning. I think this is an important phone call." And they thought I was joking. They called back and said, "No, seriously, what's going on?" I said, "No, our whole team is resigning." And that was just an interesting way to communicate, but the rest is history and off to the races.

Lori Siegel:

Yeah. Our manager was out of the office, so we told the assistant manager and of course she asked, "What could we do to make you stay?" Well, of course you're not going to stay after you've spent all that time figuring out why and what you want to do. So I think it's one of the least of the things you should worry about if you're considering doing this. Just be professional, be brief, and out the door.

Louis Diamond:

Yeah. Next topic area, I want to talk about platform. So Lori, you have the mic. Let's start with you. Can you talk a little bit about how access is different now as an independent from what you had at UBS in areas like access to managers, alternative investments, model portfolios, research, lending? You fill in the blanks with what's most impactful to your clients.

Lori Siegel:

So first of all, let me just say that my inbox does not contain those 5,000 emails a day from a gazillion different people in the firm sending me stuff they want me to know and they want me to do. So it has freed up a lot of time. So I would say that. From an investment standpoint, honestly, we do pretty plain vanilla investing for our clients. We don't really use alternative investments, so one platform versus the other didn't make a difference for us. I found the research to be great at both firms and we have always utilized outside research anyway. We never just depended on our firms. So again, for us, that was just a small part of what we were choosing. For a business that uses a lot of alternatives and lots... all that stuff, totally different answer for you.

Louis Diamond:

Yeah. But there wasn't any areas you felt you couldn't do as well for clients in your new environment?

Lori Siegel:

No. Nothing. Nothing at all.

Louis Diamond:

Thank you. How about Michael or Terry? How would you answer it?

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Michael Henley:

So platform wise, I would say on the investment side, when we were at Merrill, you can access Merrill research and maybe a couple other providers, but really, on the independent side you can truly use the research of every Wall Street firm. So whether it's Goldman, UBS, Morgan Stanley, JP Morgan, they're all... We have access to all of them and they all have good analysts. So it's not to say that there's only one or two great ones out there. Very often, we'll latch onto a specific analyst and he'll jump ship from one firm to another and we'll kind of continue to follow him or her. So I would say that from that perspective, no absolutely total architecture and you can really be brand neutral when it comes to finding solutions for your clients.

Terry Cook:

Yeah. Clients don't know how much better it is, and I'm sure the wirehouses want it that way. Research is one point of access to tools and products. I totally underestimated the amount of choice. It's overwhelming and it goes back to my earlier point that it's not for everybody because it is overwhelming. It causes you to also do a significant layer of due diligence yourself. But for our clients, one good example is in the alternative space, and this was always a complaint at the private wealth side of UBS, was they just don't have anything interesting or just a limited amount of offerings. Well, be careful what you wish for because the world is your oyster. But particular in the Seattle area where I lived and where we operate with most of our clients, it's arguably one of the most talent-rich environment for entrepreneurs and innovators and venture capital.

Terry Cook:

But yeah. I was never able to access that for my clients who are all entrepreneurs and want to support other entrepreneurs. So these are small funds, they're very targeted, and arguable anybody with tens of millions of dollars in net worth should have a corner of their portfolio in this. So now we're able to access and work with some of the leading venture capital firms in the Seattle area and give our clients access. It's just one example of really what we're able to do now and add value to our clients.

Louis Diamond:

Does the fact that now in the RIA model, it's an unbundled solution where you don't have everything under one roof, is that more challenging for you and your team or for your clients or is it overall a net plus?

Terry Cook:

Operationally, it's more challenging, but all of this is more challenging operationally. The clients are the winners of it and I always tell the team, there's a lot of challenges and it's why we... Our ability to solve for those and move the ball down the field is why we are as successful as we are. If this was easy, then none of us would get paid what we get paid and we wouldn't be growing like we are.

Louis Diamond:

Yeah. Well said.

Mindy Diamond:

If I can ask a question, Terry, you decided to do it yourself. In other words, partnering with your custodian, Fidelity, you went out and pulled together all of the vendors that you need so that when you want to find a bespoke alternative solution, you're on your own to vet it and source it. Michael, for example, you rely on Dynasty. I imagine for you, or I shouldn't imagine, is it less like drinking from a fire hose? Is Dynasty helpful in helping you to source those solutions?

Michael Henley:

I would say yes. I think it really comes back to how you're really running it, your investment process. But I would say they are certainly giving us research reports on specific companies we've asked for. For example, we work a lot with DuPont executives, so that's something where they'll send us weekly reports on all of the different firms as they change their opinion on DuPont. But I agree with Terry, though. I think it is drinking from a fire hose in a good way. It's just being able to navigate and not getting kind of paralysis by analysis and obsessing over I need to read everything and just kind of stick with what you know is effective and kind of sticking with the basics. I think it's easy for us to over-complicate things in this business and really get in the weeds. I'm just a big believer in kind of just the basics, stick to the basics, and that's really what works the most.

Michael Henley:

But I just want to stress one thing I think Terry alluded to twice now, I think, that's so important and powerful, is the awareness for clients around the RIA model. I think that the average client of a wirehouse has no idea how conflicted that model is, and the truth of the matter is that their loyalty it to their shareholders. The loyalty is not to the clients. It may be to some extent, but the loyalty is really to the shareholders. So I wish there was more, I hope there will be in the future, more awareness from the client perspective on hey, separating custody of assets, advice, and where products are manufactured. I think that's certainly a move in the right direction for the whole industry.

Terry Cook:

Well said.

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Louis Diamond:

Perfect.

Mindy Diamond:

But... go ahead, Louis. Go ahead.

Louis Diamond:

No. I had a slight different topic, so please ask your follow-up.

Mindy Diamond:

Well, so as a follow-up that's an interesting point, we know a lot about the independent space and so I couldn't agree with you more. But I would ask all of you, we hear from wirehouse advisors that make the comment that "If I ran a plain vanilla business, a non-ultra high net worth business, I could see going independent, but my clients require the all under one roof solutions that a Merrill Lynch or a UBS or a Morgan Stanley provides." And I even had one that said to me that when he watches these high net worth focused advisors leaving to go independent, they're leaving because they didn't know how to access the right tools and resources within UBS or Merrill Lynch or Morgan Stanley. And I imagine you would all think that that's a nutty comment, but I'd love to hear what you think about that.

Terry Cook:

I guess my initial reaction would be if that's true, is it at any cost that they want that convenience? And it's really not on the client to provide the convenience. It's on the advisor. And Michael mentioned earlier about running a process on lending. I mean, that's huge for our clients to be able to do that. Yeah, we don't get paid on it now, we're not conflicted on it anymore, but we can run a process one against the other. And then if you really want convenience, what about somebody that will also help you with your luxury travel, your private air travel, booking that jet, nutritional specialists, all these other things? Why... We can do that now. We can really provide them convenience. The wirehouses have no clue to the degree that we can do that. Yeah, is it more work operationally and does it take more moving parts? Yes, but it gives us the ability to go upstream even more for the type of clients that we work with.

Michael Henley:

I would just add to Terry's comments that is completely in the advisor's head. That is not reality. I will say, having drank the Kool-Aid for years at Merrill, it was in my head. I told myself, "Hey, a $5,000 child's Roth IRA should have 15 different index funds, not just the vanguard total market index" because they kind of... Banks convince you this is the right way to do business. And when it comes down to it, it was really just in my head. And when I realized, wait a second, one of the biggest expenses that wealthy families will ever have is taxes and we're not allowed to ask for a tax return and do forward tax projections, that's just completely insane.

Michael Henley:

And similar to Terry's story before where they read "This is not your job," I remember doing a significant charitable strategy with a large client in 2016, I want to say, and it was a couple million dollars of tax savings in that year and a compliance officer went crazy saying, "Hey, the branch office managers says this is not your job. It's the CPA's job. You're not a tax attorney." And it was... We're kind of in a position to pull all of these pieces together for a family, and you're very, very limited if you're not able to really give them proactive tax advice et cetera.

Louis Diamond:

Thank you. Great answer. So a question that... All of these questions came from interested advisors, by the way. We didn't make any of these. I think the most popular question we got was about compliance. That was definitely the first question that we got. So first for Michael and Terry because you each run your own SEC registered RIAs, meaning both of you have your own chief compliance officer native to your firm. So I'm wondering how big of a deal is compliance in this segment of the world, how much time does it take, and do you regret at all having full control, but also the risk and the responsibility of the compliance hat within your firms?

Terry Cook:

I'll jump in. Yeah. It's different in so many ways. Obviously, it goes from an adversarial relationship where one compliance officer or the process is meant to control 10,000 advisors. Lowest common denominator approach to a collaborative approach of how do we protect the firm, protect our clients, and grow the business. And obviously when you're a business owner, you take an entirely different viewpoint of that collaboration and the importance of that. So it's hugely important, but it's very much more aligned now as opposed to adversarial.

Louis Diamond:

Good answer. And is it... Advisors worry about it taking up so much time because they see how involved compliance is at their firm. Is it a full time job? Does it bog you guys down?

Terry Cook:

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Well, just real quick, we have an... We hire an outsourced firm for compliance and then we have a compliance officer who is also out Chief Operating Officer, so it doesn't take an outsized portion of our time and partially it's because we chose to pay for a good portion of that.

Michael Henley:

The way that I would answer that, Louis, is actually around hiring a great compliance partner. I think it's exactly as Terry mentioned. We use Foreside. They are terrific. That's something where you can really lean on them for any compliance questions you have. But I think it's worth mentioning that just the fiduciary standard versus the suitability standard, you're in more of a position of loyalty with clients. So I think it's something where we went through an SEC audit, I want to say six or eight months into starting our firm. We expected this is going to be just so... we're going to be just slaughtered here. And really, it was very informative. We got a couple of things feedback, just document this or have this, but really it was super helpful being that early on as to what they're looking for and being able to kind of have a Q&A session with them, with the auditors around what we should be keeping in mind.

Louis Diamond:

Thank you for that. And Lori, with Raymond James, it's a little bit of a different scenario where there needs to be a nine and 10 to supervise compliance, but a lot of the compliance also comes from the broker dealer. What's been your experience with that?

Lori Siegel:

Yeah. It's still, I would say, they want to get to yes more than they want to get to no, which is what we experienced before. But it is still a conservative firm that is still looking at a lot of people, so it is... It isn't the same as what these two are going through. I think there are other benefits, and I think we're going to talk about this a little bit, but there are many ways to go independent and there are many ways to be happy and really, perhaps, why you chose the three of us is that we've all three done it a little bit differently, and yet we're all exceedingly happy that we made the choices that we did. So I think that can be reflected in our business models as well.

Louis Diamond:

Definitely. Yeah. That's a very natural segue to the next question I had. You're right. Each of you got from captive wirehouse employee and very successful, highly nationally ranked advisors to running your own businesses. But Lori, you did it through Raymond James on the independent side. Terry, you launched it really on your own in partnership with Fidelity, pulling together some other resources. And Michael, you opted to contract with Dynasty Financial Partners to be more of a turn key... your turn key launch partner. So you did all kind of get there differently. I'm wondering for each of you, now that you're independent, are there gaps that you've had to plug within your firm, whether from a staffing standpoint or any sort of activities that you really just took for granted from your respective firms that now either your resource partners do or maybe it's just something good for an advisor to know? What was missing? What did we have to kind of backfill now that we're also business owners on top of advisors?

Lori Siegel:

So, I'm going to start because mine is, again, independent light, and so I'm going to make a little plug for this because I think there's a lot of people that are maybe listening to this and they're listening to what Terry and Michael have gone through and they're like, "Oh yeah, this sounds great, but I don't think I could do this. This is a lot. There are things I don't like about where I am, but this sounds like a heavy load." And so to me, the RJFS or something like that, Mindy and Louis can help you find other firms that do this for you, it's the in between. It's what we needed. In other words, they're carrying the compliance load. They are doing a lot of things for us. We hired Insperity to do our HR and our payroll.

Lori Siegel:

We don't have to make every single decision that Terry and Michael do. We don't have all the freedoms they have. So you need to make sure for your business model and how you serve your clients that the amount of freedom that you have is enough to make you happy because we all want to be happy and do the best we can for our clients. We felt like this gave us enough control and enough control on our relationships without building it from the ground like Terry did. So it works for us and I would just throw that out there for people that aren't managing $1,000,000,000 and are like, "Gosh, will this work for me?" And it absolutely can work for you.

Louis Diamond:

Yeah. Well said because there's trade offs with everything. I mean, Terry and Michael have seemingly more freedom because it's through an RIA, but you also probably pick up, which they could talk about, some additional responsibility and work. So it's all a balancing act of what it is you as the advisor value most. That's a brilliant perspective. How about Terry and Michael? Same question.

Terry Cook:

The quick answer for me on that is making a very quick decision to hire somebody in operations. It's a big part, especially in the path that we took because there's so many moving parts that need to be solved for so we can focus on other aspects, not only the clients, but the vision and strategy and implementation of that. So the operations part, the HR part, hard to fully appreciate until your responsible for it. And then probably some of the biggest gaps is in my own personal growth, and that's around leadership. It's morphing from just leading and being there for the clients to leading a firm if we truly want to grow like we think we are. So I'm still learning on that and it's still a work in progress, but

I'm focusing on it and I think that's one that the quicker people appreciate that that's... that the skill they... that's a muscle they've got to exercise.

Michael Henley:

I would say the exact same thing, more or less. I mean, basically, I do think it's important to mention that your number two person on your team or at your firm, whatever it is, is going to wear a lot of hats. So I'll just mention Alice, and she's a rockstar, the co-CEO, and basically, she was the general contractor for real estate expansions and she was very involved in the build out. She's the HR manager. She's the CEO, obviously, half the time. She's the relationship manager as well. So I think that number two person on whatever team you're on is going to just... they have to know going in, "I'm going to wear a lot of hats. Or if I don't want to wear those hats, maybe I should look at joining an existing RIA, joining a Raymond James, joining an LPL," whatever it is. But I think as long as you know going in this is what they're going to be doing most likely because you're kind of... As the CEO, you're really get in front of clients the most, so they're kind of in that unique position where they're kind of in between.

Louis Diamond:

Thanks, Michael. The last question I had, then, I think Mindy had one more before we wrap. So whoever wants to take it, whoever, I guess, was more in the weeds on the financial side, when you were looking at going independent, evaluating different firms and business models, part of the process is the firm is creating a Pro Forma profit and loss statement for you, for you to be able to imagine what your business looks like on their platform after all the different expense of running a business. From your standpoint, what were some of the surprises and how accurate was the Pro Forma P&Ls to what you're actually seeing now as business owners?

Terry Cook:

Yeah. I think the revenue side was spot on. We're not getting compensated in some of the areas that we got compensated before, so we had to adjust for that, obviously lending being a big one. Revenue was spot on. Underestimated the costs in some areas, specifically marketing and really purposefully trying to grow and brand and raise awareness in our area. And that... There's ways to do that the slow way and ways to do that the quicker way, and those cost... So I underestimated that, but leaning into that because it also works. So that's one area that I would say I got surprised a little bit.

Louis Diamond:

Anyone else want to take a counterpoint?

Michael Henley:

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I think everything for the P&L from our standpoint was fairly what we would expect. Nothing was drastically different. I think we were a little sticker shocked that office furniture was 100 grand. We were like, "Oh my god, this is insane." But overall, I would say it's nothing too far off.

Louis Diamond:

Perfect.

Lori Siegel:

Yeah.

Louis Diamond:

What did it cost to start the business? Forget about your... like you lost the deferred comp and stuff like that or the opportunity cost of certain things. But what was the hard dollar cost of security deposits and before you even had a dollar revenue within your firms? Do you have a rough approximation of how much it cost you to go independent?

Michael Henley:

A couple hundred grand maybe. I mean, I think it really wasn't that... at least from our standpoint, it wasn't that bad. Dynasty helped out there some, but I mean, quite frankly, it was not nearly, I think... If you compare it to any other startup business in the world, I think we are in a very, very fortunate position where our industry does not require a significant amount of up front capital to start the business.

Lori Siegel:

Yeah. It's the build out, right? It's the furniture. It's the build out. It's all of that stuff that really costs the money. Now you're paying your help. We didn't add anybody. We came with the same number of people and we're just adding people now. Marketing, maybe, but it's not... If you're big enough to go independent, again, that's not a significant reason not to do this.

Louis Diamond:

And you have very nice furniture behind you, so I think it was...

Lori Siegel:

Thanks.

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Louis Diamond:

Money well spent.

Lori Siegel:

Thanks.

Terry Cook:

I did not... I did not pay for furniture. The mahogany desks here. But we still had expensive real estate market in Seattle area and so we were probably into it about 500, but quickly Fidelity supported us as we transitioned the business and we recouped that pretty quickly.

Lori Siegel:

But how many people do you have on your team?

Terry Cook:

We had 12 at the time. We have 23 now.

Mindy Diamond:

So that actually, if I can pivot, that's really my last question is I want to ask you, you all mentioned at the beginning growth. It sounds like Terry, you've had astronomical growth. Michael, it sounds like you've had some great growth, and you as well, Lori. So the final question is this and it's sort of twofold. What do you think is most responsible for the growth you've had and what do you think the future looks like for your firm? What's on the horizon over the next... the short term, the midterm, and the longterm? That's a lot packed into one question. Why don't we start with you, Terry.

Terry Cook:

Well, from a growth standpoint, I think it's just that differentiated approach and having a niche. We're very disciplined around business owners with 10 million in investible 25 million net worth planning for and up through a liquidity event. And we're very focused on the planning aspect of it. We're very disciplined around that and that aids in our branding, our positioning, and our awareness. So any time there's a liquidity event planned in the Pacific Northwest, our hope is that we're in the conversation. And we're very good at it. So that, stepping out of the brand illusion of a big global bank, is really three quarters of it, honestly. So going forward, it's just leaning into that, really doubling down on that focus, and then seeing where the needs of the families we serve take us as far as services. I mean, they will inform us how this looks five years from now because now we... the ankle weights are off, right? So we can build. And that's exciting. That's fun. That's fun for the whole team to kind of have a part in that.

Mindy Diamond:

Sounds great. Michael?

Michael Henley:

Yeah. I would say the biggest, I guess, attribution to our growth would have to be just differentiated story. Basically, what we find is when we get referred to clients, Goldman Sachs or one of the wirehouses and the advisors never reviewed their tax return, it's low hanging fruit. This is obvious stuff, maybe it's table stakes, but it's actually just shocking to us that a 15, $20,000,000 client, advisors never reviewed their tax return. How do they understand the tax impact of portfolio changes? I mean, there's no... It's literally driving a car at night with your headlights off. I mean, it's just craziness. So I would say staying really focused and narrow on what you know you excel at. For us, it happens to be tax planning.

Michael Henley:

And I would say for the future, relative to that question, Mindy, really this tax initiative, at the end of the day, we're in the business of getting things done for our clients. So if we can kind of file their taxes, handle that entirely, we're no longer the client's... not the middle man anymore between us and their taxes advisors. So very often, we'll do tax strategy and they're in the middle trying to explain what happened and it's kind of confusing for them. They'd much rather say, "Hey, have it all taken care of," pull the CPA across the hall into the meeting to answer any tax questions on certain stuff.

Mindy Diamond:

Great. You think M&A will be part of your next chapter, Michael?

Michael Henley:

I sure do. We added an advisor from Wells Fargo I want to say back in April. So Lisa joined three or 400 million of assets, about 60 families, and I will say it's been a home run. I mean, it's been a lot of work, of course, like any M&A transaction, but I think it's a huge win for her clients, a huge win for the firm. So I think that will certainly be for kind of planning focused like-minded advisors, we're certainly going to entertain some M&A in the future.

Mindy Diamond:

Terry, I forgot to ask you that question. Any M&A on your horizon?

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Terry Cook:

No is the short answer. Not that we're not open to it. We're getting some really good organic growth. The biggest reason to look at M&A is really to acquire talent. That's our biggest challenge is with a lot of firms... The problem with M&A for us is there's not a lot of practices that look like ours, $10,000,000 minimums, focused exclusively around the business owners. I'm sure they're out there, so we would be open to that and I think we're building a good platform, but for right now, we're just looking at organic growth.

Mindy Diamond:

Yeah. Thank you. Okay, Lori, how about you? To what do you attribute your growth and what does the future look like?

Lori Siegel:

Like these two, I think knowing your clients, taking care of your clients, going the extra mile, doing stuff that we don't get paid for, right? They know we care about them. We're on top of it all, tax returns, knowing what's going on in their life and in their personal life. I think staying on top of all of that, not being concerned about what you're earning, but being concerned about your clients, that leads through. And your clients feel it, your prospective clients feel it. And I think we're all only limited by ourselves. Anything is possible where we are.

Mindy Diamond:

Do you think M&A will be part of your future?

Lori Siegel:

I don't know. I'm not looking for it, but you never say never.

Mindy Diamond:

Right. And sometimes the best opportunities come along when you're not looking for it. So all of you, I can't thank you enough. We've been at it for about an hour and we've taken up enough of your time, but we are so incredibly grateful for your time, your wisdom, and your generosity to share your perspectives with us and with our audience and look forward to continuing the conversation another time. So to you, Lori, Terry, Michael, and of course my partner Louis, thank you from the bottom of my heart.

Lori Siegel:

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Thank you.

Michael Henley:

Thank you.

Terry Cook:

Thank you.

Mindy Diamond:

I thank you for joining us and hope this episode answered the questions you've been thinking about. If there's anything we missed, please feel free to reach out. You can learn more about each of these guests and find a link to their initial appearance on the series by visiting the episode page on our website. A special shout out once again to the panelists. We're grateful for their time and expertise. 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. 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:

You can always feel free to email or call me if you have specific questions. I can be reached at 973-476-8578, or by email at 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, and you can visit our website for more information. 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 Podcasts app, I'd be grateful if you gave the show a star rating and a review. It will let others know it's a show worth their time to listen to. This is Mindy Diamond on Independence.