MINDY DIAMOND ON INDEPENDENCE
A PODCAST FOR FINANCIAL ADVISORS CONSIDERING CHANGE

EPISODE TRANSCRIPT

2023's Most Valuable Insights on Transitions, Independence, and Advisor Growth

A conversation with Louis Diamond and Jason Diamond.

Mindy Diamond:

Welcome to the latest episode of our podcast series for financial advisors. It's the annual recap episode featuring the most valuable insights on transitions, independence, and advisor growth, a culmination of the top advice and commentary from guests who shared their knowledge on the series during 2023. I'm Mindy Diamond and this is the Diamond Podcast for Financial Advisors.

This podcast is designed for advisors like you who are interested in learning more about the evolving wealth management industry through candid dialogue with breakaway advisors, those from the C-suite, and industry thought leaders. It's available on our website, diamond-consultants.com, as well as Apple Podcasts and other major podcast platforms, so be sure to subscribe and share it with your colleagues

At Diamond Consultants, our mission is to help advisors live their best business life. We want every elite advisor to find exactly the right place for their business and their clients to thrive, whether it's at a wirehouse, a regional, boutique, or independent firm. As the industry's leading recruiters and consultants, we've transitioned more than a quarter of a trillion dollars in assets under management in the past decade. And each year, 25% of transitioning advisors who manage a billion dollars or more are our clients. Curious about where, why, and how advisors like you are moving? Download the latest advisor transition report to learn more, including intel on recruiting deals, and our insight and analysis on the latest trends in the wealth management space. You'll find it at diamond-consultants.com/transitionreport. Or if you'd like to talk, feel free to give us a call at (908) 879-1002.

Even after six years of producing this series, I'm still in awe of the extraordinary conversations we've had with advisors, firm leaders, and industry thought leaders. But it's always the advisor interviews that listeners find most captivating and instructive, each offering candid perspectives on their personal journeys, from their experience on liberating their businesses from limitations to finding more freedom, to their secret sauce around growth and maximizing value, and on to building businesses the right way, providing a succession path, and ultimately a legacy.

2023 proved to be the year that advisors took a hard look at their businesses and their firms with a long-term point of view, and they asked themselves the tough questions, such as, what steps should I be taking to maximize the value of my business? Where can I find the freedom to run my business the way I want to? Are the firm's management and policies negatively impacting my clients and my earning potential? Why are respected colleagues leaving the firm? And ultimately, is my firm the right place for my clients and business for the long term? So we took on the annual task of combing through each of the episodes to find the best advice from your peers, to share a digest of relatable lessons and actionable anecdotes from those who've walked the walk.

No doubt, a lot has changed for the industry since we first started the series, so much so that even the topics and guests have taken on a wider reach. While our breakaway interviews still rank amongst the top episodes, listeners asked for more, and as such, we delivered and we've changed the show's name to ensure it represented the educational value the series provides. Plus, I'm excited to share the hosting

2023's Most Valuable Insights on Transitions, Independence, and Advisor Growth

A conversation with Louis Diamond and Jason Diamond.

role of the show with my partners, Louis and Jason. So as we prepare for the 2024 season, there's much to celebrate and learn from the past 12 months. Louis and Jason are going to run with it. There's a lot to discuss, so let's get to it.

Louis Diamond:

Jason, thanks for joining me today.

Jason Diamond:

Thanks. I'm thrilled to be here.

Louis Diamond:

So this is always one of the most exciting episodes we do. There is so much wisdom and insights we've gathered from our guests from the prior year, and thinking about the long-term is the real theme. So hearing these advisors speak about firm limitations and the bureaucracy they're facing, how they found freedom, oftentimes foregoing the major upfront check, how they thought about maximizing value of their business at day's end, and building a business the right way in a sustainable way, and also thinking about succession in the next generation. So we'll go through each of these sound bites and hopefully leave our advisor audience with a lot of actionable intelligence. Anything you want to add before we jump in?

Jason Diamond:

No, I'm excited to share this. I think this is always a fun exercise because what we've done is we've taken the time to cull through a real treasure trove of information. We're fortunate. Our guests have shared with us some really smart and compelling insights, so this is our attempt to not just compile them at year-end, but also to hopefully provide some worthwhile and smart commentary along the way.

Louis Diamond:

Very good. So we're going to start with Andy Ferguson. Andy was a 37-year Merrill lifer who never anticipated making a change, but ultimately about three or four years ago, decided to launch his own RIA as he was very close to retirement, actually, so excited to hear his clip.

Andy Ferguson:

After spending spending many, many years with a firm, you begin to think that's the only way you can do business. What I gradually learned and now know entirely after three years is that you're now basically selecting who you want to use for financial planning, for insurance, for banking, for mortgages, for anything that you feel is important to your client base, so it opens up a whole world of opportunity. Now, you could argue that it maybe almost makes it too complicated because you have all these people out there selling those wares. We've experienced some incremental revenue that's different from what we could have. We couldn't get paid on certain things. However, I would say the biggest positive is really not having to negotiate all of these artificial hurdles to get paid that exist today when you work for a big firm.

Jason Diamond:

Andy's comments have a common thread relative to a lot of our guests this year, which is that their eyes were not fully open at the time prior to really conducting due diligence or even prior to making a move. We heard from a lot of our guests this year where they said things like, "I thought I could do it all," or, "We thought we were in the right place to serve clients," and as Andy's comments show, it was really only after he launched his independent business that he realized just how limited he was.

Our next sound bite is from Craig Savage. And Louis, maybe you could first address, this episode is really geared towards the more independent side of the ledger, but Craig Savage is with William Blair, so can you talk a little bit about that and why we decided to include this quote?

Louis Diamond:

Certainly. So Craig, in his case, he found his perfect version of “independence”, and I have air quotes up for independence because William Blair is an employee model firm, so Craig and his team are employees. Craig's a partner of William Blair, but for Craig, and like many people who tune into the show, independence is interesting, but it's just a little bit too much for them. It's a bridge too far. They don't want to be the ones who are running the business, and instead look for ways to maximize their freedom and flexibility while finding the right partner to help them grow their business and service clients.

Craig Savage:

At times, when you're with a large wirehouse, your toolbox is a little more limited and sometimes you're forced to shove square pegs and round holes. And I think our clients were able to feel right away the nimbleness of how we were able to navigate the whole investment universe to bring them unique products and services, that we'll vet anything through our consulting services group at William Blair if we think it's to the benefit of our client. And I think our clients felt that, that the boundaries, the goalposts so to speak, widened quite a bit for us when we came here, as you were with an RIA and the optionality of what we can offer them on managers, alternatives.

Louis Diamond:

As you heard in Craig's comments, his decision was driven first and foremost by the client, and that's a common thread you'll hear from several of these guests today. Our next soundbite is from Ghislain Gouraige, an ex-UBS advisor who was running a very successful and sophisticated practice at UBS before making the leap to NewEdge.

Ghislain Gouraige:

And then you come to understand, which we didn't before because, again, I was maybe drinking too much of the Kool-Aid, that one firm doesn't have all the answers. But you have a platform, and certain platforms have strengths and weaknesses, but you can't find a solution outside of your platform for a client in the wirehouse, in that structure. And the way it was phrased or framed with Rob is, you come join us. The street is what you make available to the client. We don't pretend to have all the solutions, but we'll find them wherever they exist, and that's the value proposition that we're proposing to this client base, when you start thinking about that.

And then the other thought is, well, we can build the business in the way that we think the business should be built, and we can be nimble, we can pivot. We have an advantage in technology. We have an advantage in some of these areas by being able to show the whole market to a client. Then you start reflecting and you're saying, "Wow, I know that we can take our practice and take this freedom, this flexibility, this ability to be nimble, and do better for our clients than we're doing now and not have to fight every day to solve problems that were easier to solve years before."

Louis Diamond:

What struck me most about Ghislain's comments were that, given his ultra-high-net-worth client base, he realized that when he was at UBS, he was really constrained to the platforms that UBS made available to him. And in his words, he drank the Kool-Aid in that he thought that was the only way to serve clients. But after going to NewEdge, he realized that he had everything under the sun available to him and that he was now able to serve clients in a completely different way, in an even more holistic way.

Next up, we have Matt Celenza. Matt is a very interesting guest because he was actually our first ever breakaway interview six years ago on the show. We decided to invite him back on the show though because his business has grown exponentially since he was on our show, and he's added in a number of new services and just hearing the perspective of what it was like pretty much upon launch, but now having six years of hindsight how the business has changed. And his business has really changed and really grown to new levels.

Jason Diamond:

Yeah. And I think what Matt does a really nice job of talking about is the constraints of the traditional firm world and how it was almost like taking handcuffs off or removing the shackles where when he went independent, he was like a kid in a candy store. He had access to more resources and capabilities than he ever thought imaginable.

Matt Celenza:

I actively knew my tenure at the Citi family office was probably the closest that I have come in that world to being truly autonomous and be able to react to clients' needs. But still, I understand that these firms have constraints, legally and otherwise. And financially, they don't really want to invest in businesses like mine because we're a very small percentage of the population within a firm. So they dedicate their resources to where revenues can really be generated for them. Yes, I felt constrained and it was my own decision, which I don't put it on the firm. Almost good enough is not good enough.

I guess I can just give you an example. When you're at a particular wirehouse or bank, because most of them have banking platforms at this point, if I'm going to go out and look for the best opportunity to develop a credit situation for a client and I'm at a bank, I have one opportunity. Well, now I have as many as I need. That's just one look at it. There are several constraints because of the proprietary nature and also because of the internal capacity of intelligence. I think there's a lot fewer advisors today that can truly say that they have everything they need. They may have everything they need for their particular business, but running a true multifamily office business cannot be done within a wirehouse.

Louis Diamond:

I thought what was also very interesting is how Matt talks about the ultra-high-net-worth advisor population being such a small percentage of a firm's overall business that of course they have to make rules and regulations that apply to the mass market. And for Matt, similar to Ghislain before, he was working in a very bespoke way with his clients and needed something with a little bit more freedom and flexibility and customization.

Jason Diamond:

And that lowest common denominator idea is shared by our next guest, Scott Bills and other ex-Merrill advisor. And that was exactly, if you will, the straw that broke the camel's back for Scott. He mentions things like a changing bottom line. The lowest common denominator is constantly getting lower, and it made it difficult to do even the most simple of business. And I think that's a theme we saw play out constantly throughout this year is that there was no one overwhelming reason why an advisor decided to leave a firm or firms. It was this death by a thousand cuts idea that a lot of our guests spoke about, including Scott.

Scott Bills:

Some of those growth hurdles that were put on us really had us focusing on, when we're trying to work with these multi-generational families and these business owners that we get very deep with financial planning and all the levels that we add and doing work with our foundation or with the family offices that we work with, but yet they're telling us to get some points for bringing in a household that might be well below our minimums just so we don't lose grid. I think that changes the client experience, because why we've always right-sized is because we said, "Your service level is always going to go to the lowest common denominator, and if you're continuing to feed the funnel at the bottom end with the clientele that might not fit the rest of your clientele, are you moving forward or are you moving backwards?"

So those are a couple of ways that we felt it, and then I'd say the last thing is more about the product-specific pushes and the emphasis on banking, and when they're not training our staff on client service and more about checking accounts. The telescope was pointed in the wrong direction.

Louis Diamond:

Now let's transition on to thinking about the client more. So the first segment of this episode was more the advisors talking about some of the constraints and limitations that they had, but everything starts and ends with the client, especially for the amazing guests that we've had on this show. So the next real theme of this episode is how advisors found freedom for clients and how some of their frustrations around not being able to serve clients in the optimal way drove their decisions to change, but also drove the ways that they rethink about their business. For instance, I spoke with Matthew Murphy and Rebecca Baker from Marble Wealth. They were actually former clients of ours that we helped transition from UBS to starting their own independent firm, and Matthew speaks brilliantly about the freedom he was able to find for clients.

Matthew Murphy:

I think the first thing to say there, it was nothing from the UBS side per se. Especially when Rebecca came on with us and became my partner, there was just this burning feeling inside that there was a way to do this better for clients, to have more control over the process, to every decision that we made as a company was just focused on is this the best for clients? So it wasn't necessarily just, oh, UBS did this or UBS wasn't doing this. It was just this desire for Rebecca and I to go out, build a firm on our own that we truly thought was a better way of doing it for clients. So when you get that mindset and then you start listening to the Diamond podcast and you start listening to all these things and you can see how the industry is turning and where the puck's going, we knew this was how we wanted to spend the next 20, 30 years of our careers. We wanted to spend it under this umbrella working for clients as independent advisors, fiduciaries for them, rather than in the warehouse employee model.

Jason Diamond:

As you can hear from Matthew's comments, he viewed everything through a client-first lens. And I think ultimately what that did was it made the move easier to sell to clients and it ultimately helped his portability, because every story he told, every conversation he had with clients was not about, "Here's why my life might be better or here is what's in it economically for me." It was much more about, "Hey, Mr. and Mrs. client, here's how we think this move will better enable us to service you."

Louis Diamond:

Yeah. And I know from representing Matthew and Rebecca that they were relatively happy at UBS. They were a classic case of the pull towards independence was what got them. It was the knowledge that there was a better way to serve clients that really motivated them, but they were actually relatively happy at UBS. So it was gratifying to see it play out that they were really following their compass of what's best for the client, and ultimately, that's what was best for the business.

Jason Diamond:

Yeah, I love that. And our next guest actually is a really nice segue there because our next guest is John Hirtle, who's something of an industry legend, especially in the OCIO space. He pioneered the OCIO world. And John talks about a feeling of being philosophically cornered. And I think that is a very pervasive feeling, particularly amongst wirehouse advisors, that they feel that the fundamental way that they want to run their business is at odds with the way they're being told to run their business.

John Hirtle:

The client is a noble cause, and so that was really what drove me. And through time, through those seven years of training, I really understood that there was a better way to manage money, but it really couldn't be there. We couldn't do it at Goldman Sachs. So I knew this notion of a pure play independent investment office was the ideal structure for serious investment management. But for several very sound reasons, we really couldn't do it at Goldman Sachs, so I was philosophically cornered and had to start a new firm.

Louis Diamond:

John was a wealth of information and wisdom, and he was early on with realizing that he had a great thing going at Goldman Sachs as a partner. No one back then broke away and left, especially a firm like Goldman Sachs. But he also saw that there was a better way, that he was conflicted or limited selling solutions and products at Goldman, and wanted to find a way to help clients the True Fiduciary, which he thought was the way forward. And boy was he right, building a $20 billion plus firm.

Next up, we're going to talk with Alan Zafran. Alan was one of our guests along with Eric Harrison, his co-CEO at IEQ Capital. This team was legacy Luminous Capital, sold the business to First Republic, and then broke away from First Republic to found IEQ Capital. What struck me most about Alan's comments was how he talks about the why.

Alan Zafran:

We created the Why? Document. W-H-Y? And what we did is we wrote up in summary paragraphs roughly 10 or 12 questions that we anticipated clients would ask, and we already had those questions answered, so that we were trying to set the table and the agenda to explain what was transpiring, what motivated us, what potential risks were entailed, but most importantly, what were the benefits for clients of going to an independent, objective fiduciary, as opposed to working in a suitability standard at a broker-dealer where there are a lot of conflicts of interest entailed in serving their interests. And I think that Why? Document, coupled with our thoughtfulness around the move, led a lot to our ability to be successful right out of the box.

2023's Most Valuable Insights on Transitions, Independence, and Advisor Growth

A conversation with Louis Diamond and Jason Diamond.

Jason Diamond:

As you heard from Alan, everything for him started with the why. And I think that's a theme that even here at Diamond Consultants, we've stolen a little bit and used, and I say that a little bit tongue-in-cheek, because that's our true north. Everything must start with the why. Why are you in this business to begin with? Why are you trying to make a move or thinking about making a move? That's the guiding star through which every decision must be made in this context, because it is a critical decision. It is a big move, obviously, to move a business of this size. So that context or that idea of starting with the why I think is a really foundational concept.

Louis Diamond:

Yep. And especially to the why, it can be as simple as why are we doing this as a team? But really, the why should be focused on the client. We call it the client-facing why. It's something we help our advisor clients really articulate as they're thinking about the scripts and positioning to clients. While there's a lot of reasons why teams may move, for financial reasons and otherwise, what struck me most about many of our guests was that they actively gave up a mega-check in order to build something or create something that they couldn't do within a captive firm.

So next up, we'll hear from a number of guests who talk about their reasons for not being motivated to move simply because of a check and instead followed what was best for clients and best for their teams.

Jason Diamond:

And I think the perfect example of that is our first quote here from Marc Horner. Marc was an ex-wirehouse advisor who launched an independent business, Fairhaven Wealth Management, and Marc's a great guy. He talks a lot about how he used his humor and authenticity to really win over his clients and to tell his story in a compelling way. And he talks about, "Yeah, could I have taken the check? Of course." But as you'll hear from his comments, what excited him was not the check, it was much more about being able to deliver greater service for his clients.

Louis Diamond:

Yeah. And with Marc, he grew his business more than tenfold. In large part, he recruited advisors and acquired businesses, but if you haven't checked it out, he's also created some very funny and authentic videos - you could see them on YouTube - that have driven a lot of new clients, and he really found his way in marketing and having a unique voice. So he thought that, even though he could have gotten paid to make a change, that he can build something much greater and more valuable if he just focused on what made them different and unique, and instead focused on the business rather than going for the short-term economics.

Marc Horner:

2023's Most Valuable Insights on Transitions, Independence, and Advisor Growth

A conversation with Louis Diamond and Jason Diamond.

My move to independence, I was not running from something, I was running to something. I believe then and I believe now that the opportunity in the independent side of our business is just so much greater. There's just so many more interesting things that you can do to grow the business, deliver a more interesting client experience, the marketing things that you can do, the strategic partnerships that you can explore. It is a wide-open world on the independent side. I had to de-Kool-Aid myself when I first started in the independent world because to stop asking questions of can we do something? Because that's the appropriate question when you're in more of a corporate world: can you? But when you're in the independent world, the answer to can you do something is always yes, so the question becomes, well, should we do something? And if we should, how do we think about executing whatever idea that we're thinking about?

Jason Diamond:

I love how Marc, as you heard in his previous comment, talks about having to de-Kool-Aid himself. I think that's a really nice colloquial expression for what a lot of wirehouse advisors point to, which is you almost have to retrain the brain for how to think when you're outside the handcuffs or outside the constructs of that world.

Louis Diamond:

Absolutely. And now we'll hear Mindy's segment of her interview with Scott Bills, because he shares in a brilliant way the motivations for him going independent and not going for the biggest check that he could have gotten.

Mindy Diamond:

With almost $2 billion in assets under management, you could have written your own ticket. The deals have been at a high watermark, and any traditional firm on the street would've written you a high-watermark deal. Was it hard to give up the notion of monetizing the business in the short term, especially since you and your dad never really had a chance to take any chips off the table?

Scott Bills:

Yeah. And again, hard, and being vulnerable and talking through that. We explored it, we looked at all the options, and yeah, we had some very significant dollars that were in our lap if we wanted them. And I know there's plenty of people, I understand time, value, money, and money now is better than money later. We're financial people, we understand that, but to a tee, and this is all of us, we wanted to explore so we were educated and knew what was out there because, as I mentioned, this is a big decision. But quite honestly, going and taking a paycheck to go do this and try to convince our clients to follow us, it was just never really truly in our top five options when you break it down.

And part of that comes back to the client conversation, for one. And two, what we wanted to build. First, the client conversation was, for us to be able to say, "Look, rather than taking a paycheck to go do this and go to another wirehouse or get paid to do this and convince you to come with us, we want to let you know we invested in ourselves and in you because we felt so strongly about this." And we had clients say, "Had you gone somewhere else, even though we love you to pieces, we would've probably had to think about it a minute. But the fact that you're doing this and you did it for us and with us, that's why we're at 98% of our target, and that one last one will come." That was a big driving force for us.

But two, it was we, as a multi-generational business, and under our dad, Brett and I said this, and Theresa right there, along with us and as our little trio early on, we didn't want to just be the people that took over dad's business and coasted and had a lifestyle practice. We wanted to prove to everybody, "Hey, they can go build it and they're going to do it the right way." And we still have that mentality, and so we have a vision of where we want to go, so that was another driver for us as well. And us to just go to another wirehouse to do the same thing, it didn't excite us.

Jason Diamond:

Next we'll hear from Craig Savage again, who if you'll recall, opted to forego independence for William Blair. That still requires foregoing a large transition check from another traditional firm, because William Blair is not the highest bid on the street. And Craig shares, as you'll hear now, his why for doing so.

Craig Savage:

If your why you are leaving and joining another firm is dominated on that upfront check, we're not the place for you. The fact of the matter is, you take that money, you're still going to have to work there for seven, nine, 12 years, whatever the deal is. So I tell all recruits, "You got to figure out what your why is, and really hone in on that." Simon Sinek wrote a great book. It's all about the why. And if that's their why, and I can usually unpack that pretty quickly with somebody, if I peel back the layers of the onion, I'm very direct. I tell them, "William Blair's not for you."

That being said, if you are long-term greedy versus short-term greedy, and you talk with somebody who's been at Blair seven years who has a book like we do, versus somebody who took that larger deal initially and you fast-forward seven years, financially, pound for pound, I would argue to say we're probably better off financially if you make partner of this firm, the increased payout not being public, no stock pullbacks, et cetera, et cetera. So yes, I got a much lower upfront deal. I was looking to go independent because I didn't want to be part of the wirehouses anymore. But fast-forward seven years.

Louis Diamond:

Andy Ferguson layers nicely on top of Craig's comments before. With Andy, he realized that he didn't want to be beholden to anyone, that ultimately, the freshness or the feeling of some extra zeros in his bank account wasn't going to be worth it when he would have to be beholden to someone else. While for many, they thrive within a big firm and getting the money, it's a secondary byproduct of finding their ideal fit, with Andy and with Craig and Scott before, they realized that they wanted to own and control their own destiny and they wanted to be their own bosses.

2023’s Most Valuable Insights on Transitions, Independence, and Advisor Growth

A conversation with Louis Diamond and Jason Diamond.

Mindy Diamond:

Why not opt for something that could have made the short-term gain a little greater?

Andy Ferguson:

I felt like if I was going to move and put my clients and my team members through this ordeal, that I would want to land at the end of the day walking into my office with only one constituency to serve, and that was the clients. I didn't want to owe my allegiance to anyone who funded me. I didn't want to owe or have to answer to anyone that provided me the ability to go independent or work within another platform. So it was arguably not the easiest path, and I would say that it's not for everybody.

Jason Diamond:

Love that. We're fortunate enough to hear next from Evan Mayer. Evan fits a little bit of a different mold, and I think it's worth mentioning, Evan was actually an advisor from a bank channel, and that's a little bit unique. I think there was a notion for a long time that bank advisors were less portable or less apt to move. And certainly, when they did move, a move to independence is largely probably the biggest leap you could make for a bank advisor. So Evan talks about why, and for him, it's even more, he could have gotten paid very attractive money to move his business to a traditional firm like a wirehouse. But he just felt like if he was going to do this and do this once, it was much more important to get it right and to build the best possible firm and business for his clients and to serve them and grow the business into the future.

Evan Mayer:

We started shopping ourselves, and first we were looking at the wirehouses. We were looking at Morgan Stanley, went really far down that path, got a huge offer from them, millions of dollar offer to sign on with them. And maybe about a week after we got that offer, we got a call from Raymond James and Joe Pellegrini who runs the Southeast for recruitment, shot me a call and said, Hey, let's go out for a steak. And I said, "You know what? One last steak dinner, it's not going to hurt during this tour." And literally, I went from about to sign on with Morgan Stanley to really talking about independence and what you can do for clients and what you can do for your practice and how beneficial it is, and how much that check maybe is not so important.

And from that time we had that dinner, that steak dinner, three months later, we went independent that day, so literally it was 90 days. And I said, "Why am I going to sell my clients short? I'll make the money back over time. I'll grow the practice, but being independent is going to allow me to do things like podcasts, allow me to write articles, which I've been able to do, send client emails, really decide who I want to hire and who I want to fire and if I want to increase their payment." So Louis, there's so many things to go with going independent, and I don't think independence is for everybody. Actually, for a matter of fact, for many advisors, I'd say at least 50%, it's not for them. But for me, it worked out significantly well.

2023's Most Valuable Insights on Transitions, Independence, and Advisor Growth

A conversation with Louis Diamond and Jason Diamond.

Louis Diamond:

I think the growth is the key. It's not just being altruistic and saying, "I'm not going to take a check because it's best for clients, but because in a relatively short period of time, I can grow this business in a completely different way than I could if I went to a major firm." And in Evan's case, he's really done that and he's used marketing and podcasting and recruiting advisors as his next layer of growth. We call this concept the Independent Alpha. And Evan really found this, and made it very clear that just because you are not going for the big check today, it doesn't mean that the financial rewards won't follow you into the future. Rory O'Hara is an embodiment of this as well. Rory is a sub-40-year-old advisor who worked on a very successful Merrill team. Everyone on the team was under the age of 40, so had a very long runway ahead of them. They were courted by every firm out there, and they could have been very successful being the recipients of CTP, which is Merrill's retire-in-place program, and just continuing to grow the business at Merrill.

But they saw that there was a real fork in the road in their business where they either could double down on staying with Merrill, doing what they're doing for clients, but they had a pull towards something different. They knew that there were better financial planning options out there, better technology, and that if there was a better way to service clients, they would regret not taking that option. And with such a long runway ahead of them, realized that they can build something very special and ultimately grow an enterprise that was going to be far greater and more valuable than anything they could have done by staying put.

So what was it that motivated you to consider alternatives and ultimately pull the parachute in the recent past to go independent?

Rory O'Hara:

Yeah, I think I have to credit Shane Fox, my partner, who through discussions we concluded that we should just pop our head out and see what life would be like outside of Merrill. So going down that education and journey, I realized that there was superior technology outside of the wirehouses, and there was potential access to more investments. I also noticed a trend at Merrill of really just seemingly hearing no more often, and if you push hard enough, you might get that yes down the road. But that took an tremendous toll and time to work through that for client situations and different outcomes, that it was just continued to feel more and more like an employee, like we didn't have control. And that, coupled with realizing there's superior financial planning tools out there, was just too much to get over.

Lastly, the big point was a potential change to something known as team grid. So at Merrill, individuals were paid out based on their production, but they instilled a team grid scenario where if you were a team, everyone on that team or every advisor on that team, their grid would be set at the highest producer. And then they started tweaking it a little bit year over year. And the most recent tweaks were in order to hit team grid, a certain percentage of your clients needed to be leveraging services from the bank accounts, credit cards, lending, the trust department, the insurance, et cetera, which could be completely applicable and positive for clients. But to put a number on that, and that was a number that was extremely hard to achieve, we were at a position where we weren't going to hit that team grid. So my other team members and advisors were looking at tens of thousands of dollars of less compensation, and it was going to create conflict between myself and the other team members. And here I am trying to create a positive atmosphere and focus on growth.

Well, you're a team member and you're going to go down several pegs down grid if you're not achieving team grid, the incentive might be to cross-sell the client to get the numbers up opposed to acquire a new client and continue to grow the business. So that was something that I really struggled with that I thought put my firm and my beliefs and how I wanted to take the business on the opposite side of the table of the direction of Merrill and really Bank of America.

Louis Diamond:

Yeah, I think what you're describing is the growing sense of incongruence where your values, your goals, were no longer in strict alignment with the firm. And even though there was a lot of good that you got and you can still get at Merrill, it caused you or motivated you to poke your head out and see if there was something that was better.

Jason Diamond:

Many of the guests we've heard from and will continue to hear from, including Rory, talk with the benefit of hindsight. They're able to share their perspective after the transition. Our next soundbite from Matt Blocki I think is a really nice introspective and honest quote where he talks about a lot of the fears and his term, head trash, that he had going into and prior to making the move. Ultimately, his conclusion is similar. It is that he made the right call, or at least the right call for him, in forgoing the large upfront check in exchange for the freedom and autonomy that he desired. But for him, it's not all rainbows and unicorns and he gives both the good and the bad of the process.

Mindy Diamond:

You said to me you had lots of head trash - that is the best term I've ever heard, head trash - that made you stay longer at Northwestern Mutual than you should have. What was your head trash?

Matt Blocki:

Yeah. Listen, I hired a life coach, and she had worked with tons of reps there, so it was like every good producer works with this person. But it was interesting, because every session was about leaving. And so I think the top ones I wrote down here, and this again is very psychological, but it was taking over responsibility for others. So at the time I had spun out, there was a satellite office, and I was very close with the managing director at the time. And he had taken a lot of risks, made big bets on me, very thankful for everything he did for me because he would talk to me every day in my first five years. And a lot of this business is you quit every day when you have all this rejection. And so when he took that big risk open up the new office, I felt like if I left, I would be responsible if that office failed.

The other thing was I did a lot of joint work. I was a very detailed advisor, so there was three other advisors who I was their go-to investment person. They would go close an insurance sale and they would bring me in for the financial planning and we'd get the investments, and so we shared that revenue together. And so I just felt like this overbearing over-responsibility of, "Hey, my friends aren't going to be okay if I leave." And none of that was true. Obviously, when we left, we paid 4X instead of 2X, which is what they recommended, and bought them out, bought everyone out. The office that I was afraid of leaving is now absolutely thriving. I think they're doing better without me, because it's a product culture company and I was an advice person. Everyone was at the time, very humbly, they were looking up to me, and I think I was dragging down the product sales. Everything happens for a reason, but that was definitely a number one was just a general over-responsibility of others.

The second thing was just... This is another deep one, but I had seen some of the biggest advisors leave the company. It was almost 20% of the top advisors left the company over a three or four-year period. I started asking why, I started asking those questions, because I wasn't self-aware enough to know what kind of culture this was. I was afraid I had the head trash of basically my entire friend group at the time, or let's say 80% of my friend group at the time, because I was working so much being part of that company, I was afraid of just losing my identity and losing my friends. And definitely looking back, it just proves it was the right move.

Louis Diamond:

I love the term head trash, because especially for advisors that are head down working within a firm, every firm presents, I'll say, some misconceptions about what life is like outside. For instance, your assets are unsafe. What happens if you get sued? You don't have the deep pockets behind you. The technology and platforms aren't good enough. So advisors have to really understand this for themselves and shouldn't just take at face value what they hear from folks within their firm. And I think for Matt, once he got over this head trash, he was able to really rise above some of his fears and build a really special business that he never would've been able to do if he wasn't self-aware enough to realize some of the things that were blocking him before.

Jason Diamond:

So let's transition now on to probably the hottest topic of the year, which is advisors maximizing their enterprise value. I think as recently as five or 10 years ago, advisors thought of their business less as a business and more as a practice. It was less about the long-term economics and much more about the short-term client service and the short-term compensation. That is a market shift today where we see most advisors, if not all sophisticated advisors, take a long-term lens to their business. And the question becomes, am I in the best possible seat to maximize my enterprise value? So the next slate of guests will talk about this topic.

2023's Most Valuable Insights on Transitions, Independence, and Advisor Growth

A conversation with Louis Diamond and Jason Diamond.

Louis Diamond:

Leo Kelly shares how his transition first to Hightower, leaving Merrill, and then to building his own RIA, Verdence Capital, allowed him to double the business two times over. What I love about Leo's comments, which we'll hear, is in his mind he had a shift between being a practice manager to being a entrepreneur and a businessman. Not every advisor feels this shift, but it's a pretty notable shift as Leo talks about how he built his firm with the end in mind and thought about maximizing enterprise value.

Leo Kelly:

As an independent, we break down those three different facets. We separate custody, manufacturing, and advice. And having everything under one roof is convenient, but it inhibits competitiveness, and it's the competitive process that turns out to be the best outcome for the client. The answer to your other question is contentment. It's a great question. I found myself at Merrill making a lot of money, really in a routine and going on wonderful trips and so forth, and I found myself not having that contentment. And I found myself really starting to feel that entrepreneurial burn, that fire I had when I was 17 selling copiers, starting to dim. And I started to ask myself, is there a better way? And am I really being a businessman? Am I really being an entrepreneur here? And I wasn't. I thought I was a businessman for several years, but I realized what I was was a practice manager, and there's an enormous difference between those two.

So that bubbled up inside of me, and the financial crisis was the catalyst. It wasn't the reason. It was the catalyst that put me back into that lane, that entrepreneurial lane. And I'll fast-forward. I ended up at Hightower for a little while, and this answers your question. What I remember very distinctly was my first trip to Hightower, I went and I looked at all the different attributes of Hightower and what they were doing. And it was my first trip and I came home, and my wife, we've been together since we were 18, and so she knows me well. My wife looked at me and said, "What?" You could see it in my face. She said, "What?" And I said, "I'm leaving Merrill." And she said, "You're going to Hightower?" And I said, "I have no idea, but after what I saw today, I know I can't stay where I am."

Jason Diamond:

Shane Morrow, previously of Lincoln Financial, shares a fairly similar sentiment, which is a focus on the long-term and the ability to use a independent business as a means for creating generational wealth, not just a short-term windfall. His quotes are very interesting.

Louis Diamond:

So you're a young guy and certainly very young in your advisor career, saying you started at zero in 2016. So I'm curious, what's been your strategy for growth? How did you get from zero to where you are today?

Shane Morrow:

Yeah, there's a great book I read earlier in my career called Blue Ocean Strategy, and I've always looked at that as a little bit of a guiding star in terms of strategy. How do you go from zero in 2016 to a billion of AUM today? A lot of it is not competing, so the essence of Blue Ocean strategy is there's red oceans where everyone's competing with themselves, cutting themselves up, competing on commoditization of price or product or whatever it may be. We've always wanted to swim in that blue ocean, which is a differentiated business model. I wouldn't say we're reinventing the financial advisory space, but we want to think about it differently. And I think that that innovation and that focus on progressive evolution of what an advisory firm is and the mission behind what we're driving, that vision statement, is part of the success of the firm.

I think the industry is starved for culture to a certain degree. It's an overused term. I think it's an under-delivered value prop. And I think the success has really come from the realization that the firm is more important than the individual. It's from the realization that individually we can be successful, but together we can really scale and deliver a massive amount of value in a short period of time. And I would attest that to the vision of the partners and the advisors that really have had a growth mindset as opposed to a fixed mindset, meaning your success is not my failure and your success should be our success. And I think that mindset has allowed us to not just... The classic one plus one equals four analogy.

Louis Diamond:

The term blue ocean is one that I love. It's an incredible book for anyone who hasn't read it yet. But with Shane, they weren't just building a firm for their clients. They were also trying to build a platform that would attract other advisors, whether it was peers from Lincoln or folks around the industry. So they thought that to go after a segment of the market that wasn't being serviced was the way to do it. Instead of competing, as Shane said, on price and product, it's, "Let's figure out a completely new way to compete in the marketplace," and they've done that very successfully.

Michael Nathanson was a guest that we were so fortunate to have on. Michael is probably one of the most brilliant businessmen and entrepreneurs I've encountered in this industry. Michael, in the early days of Focus Financial, sold a segment of his business, The Colony Group, to Focus, and has been an M&A machine since partnering with Focus Financial. Michael has really built in the process a sustainable enterprise, one that has gone on and doubled and tripled and quadrupled in value, but one that he's built the right way, that will ultimately live on long after Michael decides to retire.

Mindy Diamond:

2023's Most Valuable Insights on Transitions, Independence, and Advisor Growth

A conversation with Louis Diamond and Jason Diamond.

So many perspective breakaways, so advisors that are thinking about leaving W-2 land behind to become an independent business owner, are doing it because they have the goal of building a firm like Colony, becoming a sustainable enterprise, as you call it. As someone who has clearly mastered an inorganic growth strategy, what advice would you give to folks interested in buying? What are the most important things to look for?

Michael Nathanson:

You have to ask yourself why you're doing it first. I mentioned Simon Sinek. I'm going to mention him again. He's probably best known for his Start With Why. Don't start with how, start with why. And I think you have to ask yourself why you want to do it. And so, if you're going to pursue... Well, you use the word acquisitions. First ask yourself, are you doing acquisitions or are you doing mergers? I know the terms are used together and they're used interchangeably, but there is a big difference. At The Colony Group, we do not do acquisitions. We only do mergers. And what I mean by that is that whatever the legal structure, what's important to us is that we find a firm that makes us better than before, and that we can make them better than before. In fact, that's what we call our strategy. It's a better than before strategy.

And when we think about mergers, the way we think about it and the way I would suggest for those that want to be successful and really successful doing it, here's the secret: don't seek to impose yourself on others, but rather, be curious about what they have to offer. What are they doing that's better than you? And what are you doing that might be better than them? And can you come together and have a discussion about that? Another thing I would say is the thing about culture. People say, again, cliches. Culture eats strategy for breakfast, blah, blah, blah. Culture matters. It's very important. You mentioned it earlier and it's very important to who we are. But as I think about culture in the context of mergers, if you're looking for other firms that are just like you, you're missing the best part.

Jason Diamond:

And one of the questions I think that Michael's comments raise is why would somebody in growth mode and so successful sell equity to a private equity firm like Focus? And I always think about the old pizza parlor when I think about Michael's comments, which is, would you rather have 100% of a really small pizza pie, or would you rather have 50% of a much larger pizza pie? And he obviously opted for the latter, and I think it's proven to be an incredibly wise and intelligent and sage move.

Louis Diamond:

Rory O'Hara, again, shares the differences between being an owner versus an employee. How the mindset that he had shifted when you're an employee of a firm and just running a team versus being the steward of your own business, how you think differently and how partners that you grant equity to begin to think differently as you move from the mindset of an employee to being an entrepreneur and a partner of a company.

So curious, now that you're independent and it's been a good number of months and you're through the transition, what are your new responsibilities that are different from what you were doing at Merrill?

Rory O’Hara:

Yeah, it's owner versus employee, but I love it and I wouldn't have it any other way. There's learning every day in terms of this. I think you have to dedicate time to work on the business, not just in the business, and that's something that is forced upon you in this type of environment. I'm also the type that really wants to understand everything before I delegate it out, so I've been reviewing payroll and understanding how billing works and checking billing and then doing it along with my other partners to learn what's being done and why. It's all new to us. It's not overly complex, but because it's new, it takes some time to really click. But having the control aspect I think is extremely beneficial. We've made a recent push towards marketing, and that's something that I felt was not allowed when we were within Merrill, being able to be active on LinkedIn to create some video content.

We do all of that and we have that decision and that control as our own business, certainly run through compliance, and that's where Sanctuary comes into play to keep us in line and collaborate with us. But it's typically, "Okay, what are you trying to do? Let's try to accomplish that." That's the relationship. So we're not figuring out all this on our own. We're collaborating, but the decision-making resides with us. And I think that's powerful and that's what we're looking for. We do have big goals and big aspirations, but we need help with getting the execution. So I'm energized by it. I enjoy it. It is a lot of time, but I think you dedicate time to what you love and what's important. And for us, that's learning this business day in and day out and growing and getting better and gaining a better understanding of what we could be capable of.

Jason Diamond:

So as you heard from those topics, these comments largely speak to advisors thinking about their business from an economic perspective as a business, taking a long-term view. But a long-term view applies to more than just the economics. It also applies to building the business the right way, serving clients well, doing things that differentiate you in an increasingly crowded and competitive market. So our next topic is exactly that. It's about a long-term view of building a business the right way, sustainably, and that's built to last and thrive into the future.

Louis Diamond:

Alan Zafran, who we'll hear from again, is the perfect person to have speak about building the business the right way because he and his partners built the RIA Luminous Capital after leaving Merrill, sold it to First Republic, and then had an opportunity to really have their second act, to do it again. So to think about what do we do wrong the first time and what can we do better now that we have a redo? And what I love about what Alan's going to talk about is how they learned from their mistakes and invested in the culture first and foremost.

2023's Most Valuable Insights on Transitions, Independence, and Advisor Growth

A conversation with Louis Diamond and Jason Diamond.

Alan Zafran:

What we learned very quickly is being entrepreneurs resonated with high-net-worth families. They actually loved the fact that we are taking calculated business risks and we could really relate with the risks they took in their own respective careers. And conversely, they really appreciated the fact that we were business-builders as well as truly being focused on one business, taking care of the client. And what was really demonstrable was it accelerated our business growth meaningfully. So what we started with was a little less than $2 billion, grew in four and a half years to just under $6 billion. We tripled the assets under management by virtue of developing much better practices that were focused on clients, getting rid of conflicts of interest, and being owner-operators just like most of our clients.

We think between having invested in the culture, having invested in the technology, being a very significant institutional investor in alternative investments, we've had client commitments of over $7 billion in the last two calendar years into alternatives, offering full family office services with in-house financial planners with also estate planning expertise and practicing the way before joining us. Add to the array of services that we offer sophisticated families, I think this is a great place to work if you want to be at a fiduciary where you have one core business and you don't want to spend the 17 or 18 months it takes for you to independently build your business.

Jason Diamond:

I think what you'll hear, not just from the previous comments that Alan made, but also our next comments, which are from Chris Cooke and Brian Cooke, who are the founding team of Sanctuary Wealth Partners, I think what you'll hear is that independence in a lot of ways, while there are many different flavors, at the end of the day, they could have created really meaningful enterprise value via a lot of different flavors of independence. But that's not what it was about. It was more about what enabled them to build the business long-term that they wanted to build. Adding ancillary services, doing M&A, hiring other advisors, recruiting, adding other investment products and proprietary services, things like that.

Chris Cooke:

We were pretty hamstrung when we were in the wirehouse, and you had a lot of great ideas and they went nowhere. And now, when we have a great idea, we're pretty free to explore it, test it. And when it works, we share with our peers and our Sanctuary Wealth network. So the independence has really been interesting and helpful, and not that the big wirehouses won't all figure this out. They're smart. They will figure it out too. But I think the independent channel certainly has a lead in this very important marketing race for the next 10 years. The firms have to figure out how to operate and they're so big, and they just can't trust every person in every branch, and so it's onerous. And if you get a little more flexibility and a little more thoughtful, then I think you can do some really great things.

Jason Diamond:

It's clear that their decision was driven less about who's going to enable us to sell for the highest multiple, because that answer might look pretty similar across various flavors of independence, but it was much more about who enables us to build this thing the way we want to build this thing.

Louis Diamond:

And I think in addition to that, it's that they felt that they had really good ideas that were shot down or that there were so many hoops to jump through that it just wasn't worth it to bring innovative perspectives to the table. And once they realized that there was a different way to do it, that's when they decided to not only break away, but to acquire a firm, which was a really different way to go independent. And that firm, after hiring Jim Dickson and really building the firm the right way, grew into Sanctuary Wealth. So they really hit it on both ends was what was the best platform for our business, for the Cooke family and our employees, but also how do we build a world-class platform that's going to attract breakaway advisors?

Jason Diamond:

Let's pivot now to talk about succession planning and next gen, which is a hot topic now. And our thesis is this will only become an even hotter topic, a more important issue, as our industry continues to age. I think it's no secret that the advisor force is aging and the clients they serve are aging, and there is a dearth of young quality talent out there. We'll hear from Craig Savage again now - a reminder, Craig Savage is with William Blair - on his thoughts on succession. And my favorite quote that you'll hear in a second is that you have to retire to something, not from something.

Craig Savage:

My succession plan for this business is I have a saying, which everybody's heard a lot from me. You have to retire to something, not from something. I have not found anything I enjoy doing more yet, so I want to really make sure my team grows and people can have the success that I've been very fortunate to have in this career. And that's what I want my legacy to be. That's how I helped others. And so I do have a succession plan that, God forbid something were to happen to me, or when I do decide to retire to something, that Kim, Andy, Joel, Kim in particular, who's considerably younger than I am, who's going to manage the clients and what have you, and we talk about it and it's in writing. And again, planning for your clients and for your business.

Louis Diamond:

We'll hear from Andy Ferguson again, who talks about the different types of options that he has at day's end. He isn't fortunate enough to have family in the business, so as he's thinking about the next generation, he's going to consider selling to private equity, selling to his team, and going through a multitude of different options. I think the point being here is that Andy has a lot of options. If he stayed at Merrill and took Merrill's CTP plan, he had really one way to monetize the business. There was one valuation being put on the business, one structure. But now, as an independent business owner, he can think about hiring next-gen team members and letting them buy into the business. He can sell to private equity, he can sell to a private equity backed RIA, and ultimately it's the optionality that's going to drive the best price, but also give him the most ideal successor for he and his clients.

Andy Ferguson:

A family successor was not on the table. So with that in mind, I basically had to look either within my team or outside of my team to figure out what's the end game here? Where are we going to go with succession? But also with who ultimately takes good care of my clients and my team members that don't retire with me? So as an independent, that opens up an awful lot of choice, so that's the good news. The bad news is that a lot of folks in the industry know there's a lot of private equity money that are pushing valuations on RIAs higher and higher. And in return, if you are selling to a private equity funded operation, and most of them these days are, you have to understand that you are now answering to that firm, and ultimately they can be hands-off or they can be hands-on. And I think we have to understand that as potential sellers of our practices, to be careful about who you ultimately sell to.

So again, I'll go back to my original premise where I invested a bunch of money to go independent. Thankfully, the price and the multiple that I receive on the sale of Proquility won't change my life, but I want to be sure I get a fair value for my 40 years that I've invested in this business. I want to be sure certainly that my clients are well taken care of in a manner that they're used to. And that of course goes back to that whole looking them in the eye and being able to tell them honestly, "This is a good deal for you too." And then ultimately, my team members, those who have gone on this journey with me on the ride, and we've added some since we launched, I want to be sure that those who choose to stick around have a career path, have an opportunity, that they are viewed as very valuable to a future buyer. So these are the kind of things that I think about with succession. That for me is not that far away, Mindy, so it's something that I'm actively thinking about and trying to educate myself about.

Louis Diamond:

It wouldn't be a complete episode without including comments from Summit Trail's Jack Petersen. Jack had probably one of the most famous breakaway moves ever. He was the leader of Barclays Wealth as it sold to Stifel, and did a simultaneous break in multiple markets. At the time, it was probably the largest breakaway move ever, and he's since built the firm to close to $20 billion in assets under management. What I really enjoyed about speaking with Jack was when he's speaking to advisors, which is a major part of his growth strategy is inorganic growth, he really digs deep with an advisor on what's their catalyst for a move. Starting with a blank sheet of paper, what are they trying to solve for? What's best for them? And I think he takes an objective approach saying that Summit Trail is not for everyone, but if people are thinking and moving for the right reasons, then he'd love to be an option. But I love that instead of selling his solution, his option, again, he first starts with what's best for the advisor, which is good advice for anyone considering change. Consider your why for a move.

2023's Most Valuable Insights on Transitions, Independence, and Advisor Growth

A conversation with Louis Diamond and Jason Diamond.

Jack Petersen:

There has to be a catalyst to a move, even those that are very monetarily motivated. At the end of the day, most people don't move until there's really a problem. People are not just moving from firm to firm to firm for the money. As much as that reputation is out there, the advisors in our industry on every platform, banks, broker dealers, and RIAs, are really good people and they really believe that they are helping, educating, and advising clients and really adding value. So I always start with that one blank piece of paper. Let's talk about why you're not happy. Let's talk about why your clients are not happy. And then let's identify three, four, five things that need to be addressed. Can we address those as Summit Trail? Maybe we can, maybe we can't.

But I would encourage anybody, regardless of where you are, if you're not happy, ask yourself why. What's bothering me? Is it bureaucracy? Is it bad technology? Is it, I'm not growing? Is it, I don't like the economics, they've cut my payout again, but write out why you're not happy. Talk to your clients. "Hey, today, what are you happy with? What are you not happy with? What could I be doing a better job with?" Part of that might be client service, and you don't want to hear it, but it would be important to know, but they will direct some of their comments back at the firm. So you write that down and you summarize that. You get that to a place like, okay, this looks like six things I need to work on, I need to solve for. And then you go out to the industry, and if you're at a broker dealer, you may look at the other broker dealers first. Or you're at a bank and you want to get out of the bank salary bonus model, you want to get to more of a payout broker dealer model. You'll start your journey.

That path should be long. It should be constant and exhaustive. You need to evaluate all of your options, because at the end of the day, when you resign at Friday at 1:00 PM and you start calling clients, you need to explain to them, "Listen, I put you first. I was not delivering the service and the solution that you deserve. I just spent the last number of months on an industry-wide due diligence exercise. I decided to leave and move to X or start my own firm Y because here is what I'm going to be able to do for you." And that story has to be real, authentic. It has to be compelling. You have to believe it as the advisor, and then your client will relate to it, trust you, and follow you to wherever you're headed. But it really does start and end with the client.

Louis Diamond:

Our last quote of the day will be from Ray Sclafani, and I love the idea of ending with an industry coach, because while we've hit on a lot of what I think are compelling topics, firm limitations, finding freedom, forgoing a check, maximizing enterprise value, building a sustainable business, it begs the question of, "Okay, so how do I do all that? All of that sounds great, but in the near term, what are the actions I can take to be the best financial advisor I can be? To work with my clients optimally? To orient my team and my firm around a common objective and common goals?" And I think Ray has a great wealth of information on that topic.

Mindy Diamond:

2023's Most Valuable Insights on Transitions, Independence, and Advisor Growth

A conversation with Louis Diamond and Jason Diamond.

From your view, having the privilege of coaching so many top teams, no matter where they sit, W-2 or independent, what do you think the best teams do?

Ray Sclafani:

The best teams focus first on client needs. And maybe it sounds a little cheeky, but it really does all begin and end with the client. So understanding who they're built to serve, understanding the kinds of skill and experience they need to be in the best position to attract and retain and grow with a household, with a family, with a client, and then to multi-generationally impact that family and that household and that client for generations to come. I would say, Mindy, at the very top of the list is an intense focus on that client experience, on that client engagement, and really marshaling all of the resources to really up the game. The clients are becoming more demanding. We have not seen, and our partners at Barron's have not seen, a great pressure on that fee compression. We've seen more of that compression at the margin with expenses in the business sizing, whether it's E&O insurance and all the human capital and talent and technology and all the likes. So the client-first piece, I would say, at the top of the list has got to be paramount.

The second would be their people, that this focus, this intense focus on developing talent on these teams to be in the best service for the client is absolute the top of the list. The talent conversation has really changed a lot in the last five years. There's not an article that I read from Harvard Business Review that doesn't begin and end with some focus on people and the development of talent, and so much more personal, relational connections and one-on-ones and small group meetings and team meetings and communication and development. There are so many accidental owners that wake up and realize now they have a lot of mouths to feed, and yet if they look at that as an asset and not a liability, they end up waking up and thinking about how their impact can be greater if they pour themselves into developing others, so I would say number two would be people.

The third thing I would say is this intense focus on what does it take to lead and grow a firm in a profitable way. This is a different set of skills than the technical skills related to the capital markets or the understanding of the tax law and the estate and trust and building a durable financial plan. All of those technical skills still reside, but I think there's been a major shift of advisors from sales and product to advising with strong technical skills, to this leadership component and understanding what it takes to build and grow, and then transition a durable wealth advising business. So the best leaders in financial services seem to be beginning with the client, orienting their entire firm and strategy around serving clients profitably and building out the team, do that effectively, while developing and honing their own skills around leadership and running of the business.

Louis Diamond:

The key points are focusing on the client, focusing on the people, and focusing on what it takes to really grow the business in the best and most profitable way. So Ray has the experience of working with many of the industry's best advisors, and I think distilling the behaviors that make the best advisors is an amazing way to wrap this episode, and hopefully frames this conversation in a way where you can take away these insights and apply it to your practice.

Today, we've heard from 18 guests that were on our show, but we had many more that lent their time and experience, so please feel free to listen to those episodes because there's pearls of wisdom that we just didn't have time to cover. We're more than excited about this year ahead. We have the new name of the show that's going to reframe some of the guests that we're bringing on, and we have a very exciting roster of not just breakaways, but industry leaders, thought leaders, advisor coaches, and industry influencers, so please tune in for what's ahead. And thank you so much, Jason, for joining us today, disc-jockeying our best of episode.

Jason Diamond:

Thank you for having me. I had a blast. I look forward to doing this same time next year. I'll see you here.

Mindy Diamond:

Curious about where, why, and how advisors like you are moving? Download the latest advisor transition report to learn more, including intel on recruiting deals and our insight and analysis on the latest trends in the wealth management space. You'll find it diamond-consultants.com/transitionreport. Or if you'd like to talk, feel free to give us a call at (908) 879-1002.