From $80mm to $1B: How Authenticity and Humor Helped to Drive an Ex-Wirehouse Advisor's Growth

A conversation with Marc Horner, Wealth Advisor and Founder of Fairhaven Wealth Management.

Mindy Diamond:

Welcome to the latest episode of our podcast series for financial advisors. Today's episode is From $80mm to $1B: How Authenticity and Humor Help to Drive an Ex-Wirehouse Advisor's Growth. It's a conversation with Marc Horner, wealth advisor and founder of Fairhaven Wealth Management. I'm Mindy Diamond, and this is Mindy Diamond on Independence.

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It's amazing what happens when advisors find the freedom to execute their unique visions of what a perfect wealth management firm might be. They transcend into a space where they can think and act genuinely and to step out of not only the comfort zone established by their firm, but their own as well. For Marc Horner, that translated into driving astounding growth from $80 million in assets under management to $1B. What's more interesting, as Marc shares, is it took him 14 years in the wirehouse world to reach $80 million and only seven years in independence to hit $1B. In this episode, with my partner Louis Diamond, Marc shares his path from Merrill to UBS and on launching his own RIA firm, Fairhaven Wealth Management, in Wheaton, Illinois.

Marc discusses the new opportunities he found on the other side, specifically the ability to think creatively and market his services in a way few other advisors would attempt. More specifically, Marc developed a series of parody videos, poking fun at actual experiences from his wirehouse days. And not only has he won critical industry acclaim for those videos, but Marc also fostered a new connection with his clients and grew the business in ways he just couldn't have in the brokerage world. Marc and Louis discuss his journey in decision to go independent, his incredible growth, the value of thinking outside the box, the inspiration behind his unique marketing strategy, the exciting opportunities only independence offers and much more.

Marc's a funny and interesting guy with a lot to share, so let's get to it.

Louis Diamond:

Marc, thanks for joining us today.

Marc Horner:

Great being with you, Louis. I'm looking forward to the conversation.

Louis Diamond:

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Very good. I've been a massive fan of your videos for a while, so very excited to get into that. But before we do, why don't you tell us about your background and how you found your way to becoming an advisor in the first place?

Marc Horner:

Sure. So I started my professional career in the commercial banking world and I was in a management training program that had me end up in the commercial lending world, so working with business owners. And so I got infected early with the entrepreneurial experience and I left the bank in my mid-twenties to go start a business. So I started a promotional products distributorship, so all that junk, and I say junk affectionately, that companies put their logo on. So golf balls, coffee mugs, baseball hats, post-it notes, pens, all that junk. Started that business on credit card cash advances. So I was juggling about 15 credit cards until I got the business off the ground and did that for three years. Grew that to a point that a couple of competitors were interested in acquiring it. So I ended up selling it three years later. I didn't make a lot of money, but somebody thought that what I had created, literally from nothing, was worth something.

So in a not well thought out move, I went back to banking and I think banking is a great place for young people to start, but I think once you've been an entrepreneur, that culture's very different. So I looked at the wealth management industry as basically a franchise model, but instead of plunking down half a million dollars 25 years ago for a Dunkin Donuts franchise, a firm like Merrill Lynch was going to pay me while I was building my business. So I thought, worst case scenario, I've got Merrill Lynch on the resume, how bad can that be if I go down in a ball of flames? And that's what led me to the wealth management industry.

Louis Diamond:

That's a very interesting way to look at it, that the wealth management industry is like a franchise model. I never thought about that, but you're right. And I've talked about it before, how advisors are very fortunate to have folks that are willing to stake them in new business ventures and provide them capital and infrastructure. It takes away a decent amount of the risk that other entrepreneurs and other venues do. So that's an interesting way to look at it. And I think we'll talk a little bit more about your entrepreneurial journey, but I would assume what you learned from your prior business probably gave you the itch to be more independent later on. But we can get to that.

Marc Horner:

It absolutely did. And again, once you're in that seat of making decisions on your own and experience some level of success with it, it's hard to go back to environments where those decision-making responsibilities are taken away from you.

Louis Diamond:

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No doubt. So you're at Merrill from when you joined in 2000 until 2008 and then moved over to UBS. Can you talk a little bit about your time at Merrill, the good and the bad of it, and what prompted you to consider UBS?

Marc Horner:

So I started there in November of 2000, went into the financial advisor in training programs. Plus or minus six months of when I started in the office just outside of Chicago in Oakbrook, we had about 45 advisors that joined the program just in that office. And now 23 years later, I think there's only four of us left in the business. So there was all the stats about the high dropout rate of advisors, I saw on the front lines. That was absolutely the case. One guy didn't even make it through the first day. He started in the morning and got fired in the afternoon because they found out that he had lied on his application. But going through that training program is no joke, a ton of work, a lot of long hours. And I graduated as a "success story", and my income got reduced by a third because my salary went away and just earning income just on the revenue that I generated. We affectionately referred to that as falling off the cliff.

I had to go through a house downsize at that time because of that income change. And so at that time, my wife and I had three kids and she wasn't working. And she deserves a truckload of credit for not even blinking at making that move. So we moved to, so I graduate as a "success" at Merrill and we have to move into a house that was probably the size of two our garages of the house that we were in prior. I went into management with Merrill, so I was a producing sales manager. So I helped run that office in Oakbrook while I was also continuing to take care of clients and grow the business. And I very much enjoyed the culture at Merrill, had all sorts of relationships with people across the country, really enjoyed it.

And it's funny, actually, for me to think about this going back, if the 2008 crisis hadn't happened and Merrill got bought by Bank of America, I think there is a very good chance that I would still be at Merrill Lynch, which is really odd for me to think like that, but I've really enjoyed the culture. But when Bank of America bought Merrill, back to my banking experience, I just had the opinion then and I still do now, that the traditional banking culture and wealth management cultures are so different that when those two are under the same roof, the banking culture is ultimately going to rule the roost, and that's going to be bad for the wealth management culture. So that was what prompted me to look around and I looked very hard at going independent because I thought that's where the opportunity was. But the truth is, I just didn't have the stones, forgive me, to make that decision in 2008 when the world was coming unglued. So I went to UBS as a decidedly second choice.

Louis Diamond:

Everything kind of leads you to where you're supposed to be. So although you could have been independent earlier, if you had gone then, the business would've looked different, and I don't think that would've been the path that would've been right for you.

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Marc Horner:

I totally agree with that, Louis. Completely agree.

Louis Diamond:

So you're there till 2015, grew the business to about $80 million under management. Can you talk a little bit about that time? So it's 2014 or 2015. Let's talk about the eventual launch of Fairhaven. What was frustrating you in the first place in 2015 or '14 or '13, whenever your due diligence journey started to be motivated enough to look around?

Marc Horner:

It really didn't come from a perspective of frustration. In 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 kind of de-Koolaid myself to when I first started in the independent world because to stop asking questions of can we do something? Because 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.

So again, I was running to opportunity, not running from it. And after I got my business settled in the transition, I spent three years doing due diligence, research, business planning around Fairhaven before I actually pulled the trigger. So I took care of clients and grew the business during the day and did independent investment advisory research and due diligence at night.

Louis Diamond:

Wow. So you said for a period of three years.

Marc Horner:

Yep.

Louis Diamond:

For three years while you're at UBS, you were getting educated and kind of tinkering on the business in the lab.

Marc Horner:

Exactly. I did things like, I joined the Financial Planning Association here in Chicago. I understood that as more of an independent oriented organization. I remember when I walked into my first FPA meeting, I walk in my gray pinstriped suit, tie, the whole wirehouse world. It was kind of the scene in the movies when the music stops and everybody looks at the person walking into the room because I was just such an outlier from a bit more casual environment with independent advisors. But yeah, I joined the FPA, got involved with the board there for the specific purpose of learning more and networking in the independent world. I cold-called independent financial advisors. And that call was basically, "Hi, I am Marc Horner. I'm an advisor at UBS. I'm going to be in the independent side of the business eventually. I'd love to come take you to breakfast or go to lunch just to pick your brain about what it is that I need to be thinking about and learn from your experience." So I networked directly with independent advisors, did industry research, but it was three full years.

Louis Diamond:

Wow. In hindsight, do you think you needed all three of those years? Was it three years of really hitting it and making that your full-time job or do you think you could have condensed it in hindsight?

Marc Horner:

Yeah, in hindsight, I probably could have condensed it, but I agree that we're all where we are when we should be, when we should be there. And that three years was an important part of the journey. It completely solidified all that work that I did. It completely solidified how I thought about what Fairhaven was going to look like, that we were going to be a purely independent RIA, that I was not going to be a corporate RIA, affiliated in different ways. This was going to be a standalone business, legitimately on its own, no half steps. In for a penny in for a pound. And it just takes some time to understand what all the options are and evaluate pros and cons.

Even though I spent three years, I also remember the Thursday night I was going to go in and resign the next morning. On the way home, I stopped off at a bar to sit by myself, which reveals a whole nother set of problems I've got. But to sit by myself and think through one more time before I went into the office the next morning to pull the rip cord because there was no putting the chute back in the pack. Once I did that, the next morning I was going. So even after three years on the precipice, I did pause to take some time to make sure that I've really thought this through, and then I jumped.

Louis Diamond:

Yeah, and seems like it was the right move. But I'm curious with about $80 million in assets when you resigned from UBS to start an RIA, did you worry about scale? We talk with a lot of advisors who even with a couple hundred million under management, they bring up the concern of scale. And especially someone who's starting their own RIA, typically, there's more responsibilities and items that the RIA has to handle. So how do you think about scale at that size?

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Marc Horner:

Yeah, so that was part of the due diligence on that three year process. So I was looking, in addition to learning about the industry and technology and all the different decisions that need to get made, I was also looking for acquisition opportunities. And so on that Friday morning when I walked in, I resigned at 9:30 in the morning. At 11:30, I was signing paperwork to buy my first, we bought five advisor practices, but at 11:30 I was signing paperwork to buy my first practice. At 2:30, I was on my first client appointment to bring clients over to the newly created Fairhaven. And by the time my head hit the pillow on that Monday night, I had 35 of the 40 client relationships that I started with, I had 35 of those appointments. It was just one after the next. Sign here, here, and here. And good to see you, I got to go, onto the next one.

So yeah, I got scale two hours after I resigned because I had laid the groundwork for that leading up to it. So even though I started Fairhaven by myself, two hours later, I bought some staff that came along with that first practice, a couple of advisors that were going to be around for a year, one a little bit longer. We can talk about that one because that was a big lesson learned. And then clients and assets and revenue. So yeah, that was all part of the scale strategy.

Louis Diamond:

I have to ask, and it's probably a good takeaway, who in the right mind, I mean this with respect, would sell a business to someone who is just transitioning and has never ran an RIA before? How did you convince that person to make that happen? And wasn't it even more to juggle to integrate an acquisition at the time of transitioning from UBS and also building an RIA for the first time?

Marc Horner:

Well, with all humility, Louis, I think even though we've just been talking for a few minutes, I think my charm and convincing personality is coming across loud and clear.

Louis Diamond:

No doubt.

Marc Horner:

That conversation, that was a year. So of the three of the due diligence, that first acquisition that we did, I started that conversation, actually, I think it was a little bit more than a year. So there was a lot of time in getting to know one another that went into that.

Louis Diamond:

But still, honestly, if I was representing the seller, I would tell them to run the other way. I would be like, this person has so much on their plate right now. They haven't run a business before, and there has to be someone else in the market that is going to be more prepared to take it on. Clearly you're ready for the challenge. How did you even have the capital or the financing lined up to make this acquisition happen?

Marc Horner:

So that goes back to my banking days. So I knew, and still do, know some people in the banking industry in Chicago. That was a whole interesting experience. The lesson I learned there is really the importance of getting, if you're going to have a lender as part of your business strategy, you better make sure that it's a lender that really understands your business. Because our business, it's not receivables and inventory and a traditional business, so it's very important that a lender understands. But yeah, I put together the financing with both bank debt, a little bit of seller financing, and away we went.

Louis Diamond:

Good for you. And we'll talk more about the acquisition strategy you have, but I'm curious, when you were at UBS, so this three years or so period, you were tinkering about Fairhaven, what was your vision for the company and how has that vision changed since you've launched the company?

Marc Horner:

Yeah, I very passionately believe in the client experience, and I thought that, so back in the wire world, if you generate a dollar of fee revenue in round numbers, 40% of that is compensation, 60% stays with Merrill Lynch, Morgan Stanley, UBS, whoever. And so I thought that, and still do that, if I was in charge of making decisions about a hundred percent of what was done with that revenue, that I could make better decisions that would benefit our clients, our team than UBS, Morgan Stanley, than they're making. Now in their defense, that's rightfully so. James Gorman at Morgan Stanley's not going to call up Horner, the financial advisor in Oakbrook and say, "Hey, I'm thinking about doing X, Y, Z. What's your opinion?" That's not how that world works. And again, rightfully so. But I thought that I could make better decisions and use those resources to advance the organization in a more meaningful way and have some fun along the way doing it.

That was pretty much the vision with a goal of getting to $1B because that's just a badge of honor in our business. So how that's changed eight something years later is ... So we crossed $1B, seven years after I started the firm.

Louis Diamond:

Congratulations.

Marc Horner:

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Thank you. It's got some nice symmetry for me. In 14 years, eight at Merrill, six at UBS. 14 years in the wire world, it went from zero to $80 million and exactly half that, seven years, went from $80 million to crossing $1B. So the thesis that there's more opportunity in the independent world, I think those numbers bear that thesis out, that there's just incredible opportunity in the independent world. But how I'm adjusting my thinking right now is, we hired our first financial advisor in training person out of our internship program two years ago. And I've got my eyes now focused on trying to figure out how to train new advisors in a way that's more successful than the wire model. So thankfully, it's a pretty low bar. 75% are gone within two years, and 90% are gone by year five in the wirehouse new advisor model. So it's a low bar to get over. But yeah, I've just got more enthusiasm for trying to help train and educate the next generation of financial advisors. So trying to work on that now.

Louis Diamond:

You mentioned that you believe there's so much more opportunity in the independent space than in a wirehouse model and just looking at your remarkable growth over that seven year period, as proof. So at a high level, and we'll get into some of the marketing stuff, just what are the bullet points? What are the opportunities that you think are so much greater on the independent side of the ledger?

Marc Horner:

So our growth has basically come a third in round numbers from the handful of acquisitions that we've done. We've recruited advisors to join the firm. And then, of course, you have to grow organically. And I think part of what resonates with people across those segments is how we communicate, how we talk about the experience that clients get. The experience that our team has around the office. It's really difficult to measure, maybe impossible to measure, but I'm the same person that I was in the wire world, but I'm communicating in a very different way than I did in the wire world. So the opportunities are, again, being able to do acquisitions, being able to recruit people to join the firm and being able to communicate and market yourself in a way that will resonate with people. And I think being true to yourself, not being afraid to show people who you are and call it as you see it and try and do that maybe with a little sense of humor, that will resonate with people.

Louis Diamond:

Yep. I would completely agree. And yeah, let's talk about your videos. So we'll throw the links on the episode page, but I would encourage anyone listening to check out Marc's videos. He has, I think, three different subseries that I noted as being just really different and funny and authentic. The funniest one was the Marc's Bear Brothers parody commercials that talks about a fictional financial advisory firm and kind of the old stereotypes about a sales culture, especially one about what happens when an advisor retires is definitely worth watching. And there's other ones about a tour of your office, some of the cool things you've done with the office environment. A very interesting one about how you came up with the name Fairhaven. So I'm giving you a lot of hype and kudos.

Marc Horner:

Thank you.

Louis Diamond:

But why don't you talk a little bit about how you came up with these videos and also just like what's happened now that you've done it.

Marc Horner:

Yeah, so the video stuff started with, actually, it started back at UBS. I've always had interns, and so I had an intern at UBS and I was interested in learning about financial literacy. Why is there such a problem with that and how should that be designed in a different way? So we put together a 20-question survey that we shared with our clients and CPAs and attorneys, and asked them to share the survey with anybody in their world that was a junior in high school to age 30. And the 20-question survey basically was, are you interested in learning more about money and investments? And if so, how would you best consume that information? And we had over 500 people complete that survey. And the data that came back to us was just overwhelming. It just gave us the blueprint for how to start thinking about financial literacy.

And what it was, was it's got to be video based, it's got to be short, it's got to be on demand. You can't talk in jargon. So nobody was going to sign up for a 90-minute webinar on the discounted net present value of anything. So unfortunately in the UBS world, so this goes back to opportunity, there was great information, but there was nothing I could do with it. So then after I started Fairhaven, it might've been the second year, I decided to go back to that and do something with it. And that was the blueprint for one of our video series, which is entitled, The Million Dollar Cup of Coffee. Not all that original, but I think we have 35 videos now on different topics around financial planning and investing. And they are short, there's no jargon. They are a reflection of what the information that we gleaned from that survey.

I got into the video stuff pretty early, and Bear Brothers, there's six of those videos, I wrote all those scripts. They're based on direct experiences that I had in the wire world. I remember shooting one of them. The guy that plays the sales manager, the actor, he said to me during one of the breaks, he said, "Where in the world did you come up with this stuff?" And I said, "You want to see the guy that you're playing?" And I pulled up LinkedIn and I showed him a picture of the character that he was playing. So they just got a ton of fun seeing that these scripts and characters that they were playing are based on very real people.

So the Bear Brothers thing started with just a lot of things, which I think this would be fun to do. And I haven't seen any Wall Street parodies, so let's go do one. Bear Brothers was a professional casting call. We had some people that had Second City experience. So Second City is a big comedy club here in Chicago that people like Chris Farley went through Second City. So actors with legitimate comedy chops are part of that Bear Brothers thing. And clients love it. Advisors love it. I still don't know why Netflix hasn't called me yet to do a Netflix series on Bear Brothers, but I think that's got to be coming.

Louis Diamond:

Too funny. And those videos, they do lead to client acquisition. And how are clients finding it?

Marc Horner:

It's tough to measure all this stuff. I think it's just one more arrow in the quiver of clients both getting reinforcement that, yeah, we're with the right people. It's an easy way for clients to make referrals. So to say, here's a link to some of the stuff that they do, which I guarantee you will not have seen from any other financial advisory firm out there, to help people get a sense of basically the personality of the firm. But I think the website goes into that. We produce our own magazine twice a year. That goes into it. The Bear Brothers video, that goes into it. We're heavily involved in the community here, we're in Wheaton, Illinois, so a suburb of Chicago. Heavily involved with the Park district and Wheaton Chamber of Commerce. And so very visible in the community. We do a blood drive every year around tax day. So it's just one of many arrows to help, again, both clients get reinforcement that they're with the right firm and for prospective clients to get a feel for who we are.

Louis Diamond:

Do you have any clients or prospects to look at those videos and say, "These are really funny, but my perception is my financial advisor should be really serious and that maybe the tongue in cheek nature of the videos was actually a turnoff?"

Marc Horner:

So I've never had that feedback directly. It wouldn't surprise me at all that some people feel that way. And I would say that if that for anybody, and I'd say this directly to a prospective client, if what you're looking for is cuff links, a big fat watch, a slick suit, a lot of wood paneling, if that's what you're looking for, that's not us. So you'll find plenty of those out there in the rest of the Wall Street world, but that's not us. And so we're not a good fit.

Louis Diamond:

I love it. And I think another video that I really liked and we've seen, I think, you're probably early to it, but since 2015, certainly the last couple of years, we've seen it become very popular for advisors going independent to produce a launch video. So talking about their name, talking about why they did it, and just being a really scalable way to get the message out to clients. So I don't know when your, what's in a name video about Fairhaven was released, but maybe you can just talk a little bit about what's in the name, how'd you come up with Fairhaven, and then maybe just talk about the video and how you came up with that concept.

Marc Horner:

Yeah, yeah. So back to that three year planning, that's another thing. When you start a business, you got to come up with a name. So there's a long list of decisions that need to get made. And so it's common in our industry to have maybe founders name the company with their last name or imagery of some sort of idea that conveys strength and stability or something like that. None of that really resonated with me. And it just hit me one day, my paternal grandparents, Nana and Papa. Papa came to the US from Ireland with a fifth grade education, and Nana is from Canada. They started a door and window business in their forties. And it just hit me one day that they started a business in their forties with a young family. That's exactly where I was. They lived in a town called Swansea, Massachusetts, and for some reason, the town of Swansea let them name the street that they built their house on that I would go to Sunday dinners at, and that name of that street was Fairhaven Avenue.

I asked a few family members if they knew the derivation of that, why Nana and Papa named it Fairhaven Avenue, but nobody knew the stories. But ultimately, it didn't really matter to me. I just felt if, hey, if it was good enough for them, it's good enough for me. So I named the company following in the footsteps of Nana and Papa. Some clients have said, it sounds like a nursing home, to which I've said, well, on the range of associations, I would much rather be on the end of the nursing home versus being it sounding like a gentleman's club.

Louis Diamond:

I think that's right. It's just a good answer though. It's very authentic. It kind of has your personal origin stories, it's different. So definitely, I would encourage folks to watch that video. And you talk about how Steve Jobs named Apple and how Nike kind of came to be, and it is just very well done.

Marc Horner:

Thank you.

Louis Diamond:

Let's pivot from the marketing side, we've talked about that for a while. Why don't we talk about technology? So obviously when considering launching an independent business or any business, technology and platform are very important, and you came from two firms that were pretty good in both, world-class platforms, integrated technology. So when you launched Fairhaven, can you talk a little bit about how you viewed technology and platform? And then maybe since you launched, how that has evolved and changed?

Marc Horner:

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Yeah, absolutely. So when we first started, so from a financial planning software perspective, we used MoneyGuide Pro, and that's what we use today, that software was exactly the same when I was back at UBS, exactly the same as the software that I was using at UBS. I don't know if they've changed it since then, but that was a software eight or nine years ago. So from that perspective, I still do think that it's funny that little old Fairhaven Wealth Management was running the same financial planning software that Global Suisse Bank was running. The same thing for our mobile apps, we have a branded mobile app, and I have it located on my home screen on my phone, surrounded by Amazon, Netflix, and Google as just a funny reminder that yeah, that little old My Fairhaven app is sitting on an iPhone next to just the giants of the technology world.

So the technology that's available for us has been a great, a great leveler. I think of the playing field. I remember when I first started at Merrill, old timers at Merrill would talk about clients opening up an account at Merrill Lynch as a badge of honor that they had arrived and got access to the research of the big firms. That curtain has been ripped wide open. We have access to all sorts of research that probably wasn't available or as easily available for the independent firms 20-something years ago. And so some of the other technology that we use, portfolio rebalancing, the billing that's critical to the business, there's all sorts of innovation going out there in the industry, and we're in the middle of making a change right now on some of those systems.

So we're going to a platform called Advyzon, which looks and feels very similar to me as the big firm technology, a single sign-on thing with all sorts of information. So CRM and performance, client performance, asset allocation, all the stuff that you'd want to see in a single sign-on, really clean user-friendly format. So yeah, technology, again, the changes have really made that less of a differentiator, in my opinion, between the heavyweights in the financial planning world and firms like Fairhaven.

Louis Diamond:

So from the tech side, it's interesting to point out that you're making the switch, which I can imagine is a pain. It's a lot of work, but I think it's worth noting that you have the flexibility to change. That when you're at UBS or Merrill, the tech might be good, it might be bad, no matter what your perception is. There might be elements of it that you like, elements that don't work very well. But as an independent, you can pick and choose the platforms and can innovate and grow with how the industry's changing. Have you found that to be a distraction or has that been a net positive?

Marc Horner:

No, I think that's a net positive. I'm a big believer in never running through the finish line. Constant improvement, constant, how do we take this to the next level? Always thinking about that in everything that we do. And your point, Louis, is a very good one for people that are

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thinking about going out on their own because there are a lot of decisions to make. There's a ton of freedom and flexibility associated with that. But there's also a lot of responsibility. And I don't think everybody's wired, pun intended, to walk into the office and make decisions about things like the technology and all the other decisions that happen.

Some people, and this is not a good or a bad statement, just a statement about fit, some people would prefer to just walk in, turn the lights on, turn the computer on, take care of their clients, take care of their business, finish the day and turn the lights off and go home and not have to worry about any of that stuff. And so having some self-awareness and really being honest with yourself about your appetite and passion for making those decisions and being responsible for that is something I'd encourage everybody to really spend some time thinking about because there are tons of decisions that need to be made.

Louis Diamond:

Yeah, I would agree with you. And how about any sort of negatives or gaps, either in platform or product availability or technology, just thinking back to what you used to have?

Marc Horner:

Yeah, the only thing that I've come up with is back at UBS, they did a client appreciation event where President, I guess it would've been former President Clinton was the keynote speaker. And I think you had, there were six tickets available to it for everybody in Chicago. So Fairhaven's not putting on any client events with former presidents as the keynote speaker. We're not going to do Super Bowl ads. Other than stuff like that-

Louis Diamond:

Not yet.

Marc Horner:

Not yet, yeah, right. Not yet. But really, other than stuff like that, we do every bit as much and, in some cases, more for clients in the independent world than I was able to do in the big firm world. So no, I've not seen any gaps in what we're able to do for clients.

Louis Diamond:

Interesting. Let's talk a little bit about, I think a very important topic, is the transition from being just a advisor or practice leader or practitioner to becoming a CEO and founder. Kind of three levels of this question. So first off, what was it like, the initial transition from basically being the quarterback of your team or of your practice at UBS to becoming the CEO of an RIA and then two other follow-ups on that? How did you make that leap?

Marc Horner:

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Yeah, so I think to characterize it as a leap is a good one. You just got to jump into the pool and start making things happen. I think, back to the self-awareness, I think it's important to understand what you're good at and what you're not good at, and delegate. I'm not a believer in the business and getting better at, and working on my weaknesses or working on things that I'm not good at, I think I just become mediocre at something I don't want to do anyway. So you got to delegate that stuff. So unlike sports, I played basketball in high school and college, so you got to work on your left hand in order to be a better basketball player. I don't think that principle applies to business. You got to work on your strengths and delegate your weaknesses. So I've done that from the very beginning.

I have never reconciled the company bank statement. I have never reconciled the company credit card. I've never processed payroll, I've never processed billing. You got to oversee it and make sure that it's done correctly, but I'm not pushing any of those buttons. Somebody else is doing that stuff. And I think that's important for organizational efficiency. I think it's great to empower team members, that they're making very meaningful contributions to the organization. But really I do talk to a couple of buddies that have gone independent that are doing all that stuff that I just talked about, and I've said to them, "Why in the world are you spending your time doing that?" That's no good for anybody. So I think when you get this whole raft of new decisions and tasks that need to be taken care of, making sure that you've got a team around you and using that team religiously to make sure that the organization runs is a big element of moving from financial advisor in the wires to business owner.

Louis Diamond:

Well said. Yeah, it's talking about leaning into your unique abilities. I really like that concept. So what about the transfer and what it was like to run a $$80 million RIA to now being the captain of $1B dollar-plus firm? How are the responsibilities and how has that changed?

Marc Horner:

So there are more responsibilities. So going through staff reviews, going through, so we've got a Cadillac benefits plan, so a Blue Cross, Blue Shield medical plan, a dental, all the things that you would see at a big organization, making decisions around all that stuff is, we building out an office, designing that, picking the furniture, all of those things that go into running the organization are all things that you need to be able to make time for. So the only way that I can do that is, you said it beautifully, and that is lean into the team. So our administrative staff, they basically tell me what to do on those different tasks.

The analysis gets done by somebody else in the organization, and then when it's time to make the decision, I'm involved in that. But I'd say 99% of the time, it's going with the recommendation of the team member. So I'd say in a very similar way that, back to James Gorman at Morgan Stanley, Morgan Stanley and Fairhaven are two very different sized organizations, but I'm sure James Gorman's leaning into his team and his different department heads and leaning on their expertise to make decisions to make the organization run. And although at a much different scale, the concept's the same.

Louis Diamond:

Yes, it seems like even though the business is more than 10 times the size as a function of assets under management, it's not that Marc's working 10 times harder. It's that you've just built more of a team and more layers of the organization to delegate to.

Marc Horner:

So that actually goes back to that three-year planning process. I could have, on that first acquisition and the others that we've done, I could have made the decision that I was going to wrap my greedy little hands around all of those clients and try and take care of them all. We've got about 500 clients at the firm right now. That was an option for me. Instead, what I chose to do was, I chose to use the acquisitions as a recruiting tool. And so I have retained responsibility, primary client responsibility for very few of the clients that have been acquired through acquisition. Instead, what we've done is we've said to our advisors, look, a way that you can personally financially participate in the growth of the firm is when we do acquisitions, you can take responsibility for some of those clients and get paid to do that.

Our advisors get paid differently based on where the revenue came from. So they get paid more on clients that they developed directly versus those that were essentially handed to them by the firm. But it's meaningful dollars that our advisors receive. And again, it's a way for them to financially participate in the growth of the firm. And what that does is it keeps the advisor to client ratio down. So instead of greedy Marc trying to take care of 500 clients, it's instead spreading those clients out among the other advisors in the firm. So it keeps the advisor to client ratio down. That's good for the clients, more attention. It puts real money into our advisors pockets. And again, they get to participate in the growth of the firm. That's good for the advisors. It relieves me of so much direct client responsibility to let me think about marketing strategic stuff, that's good for the firm. So that's a strategy that basically lifts all boats.

That goes back to, back in college, one of my marketing classes, Zig Ziglar was one of the people that we listened to, and I know it's corny, but it does resonate with me and it is fundamentally what the firm is about. And so he said something that has stuck with me all these years, and that is you can have everything in life that you want if you help enough other people get what they want. And so it's an attitude of putting others before yourself, and that is fundamental in our culture here. And that also, I think, is another element that's contributed to the growth that we're experiencing.

Louis Diamond:

That's such a good quote and love that sentiment. And I am with you on why having folks have kind of a book of business to manage through acquisition is a really attractive carrot for recruiting. That was going to be my next question was, it's hard to recruit. It's hard to acquire, especially to do it that many times. We get a lot of calls on it and it's very, very hard to help everyone that's looking for seemingly similar people. So you talked a little bit about it, but can you elaborate a bit on your recruitment and acquisition playbook? How did you pull it off and what's been your secret sauce?

Marc Horner:

The acquisitions, basically, have been cold calls and networking. So on the phone is how I grew my business at the wire. So my personal record is 225 dials in a day, so I'm not afraid of the phone. So it was, again, cold calls and networking is how the acquisitions happen. And actually, that's also how the recruiting has happened, through networking. And yeah, it genuinely warms my heart that the first advisor recruit that joined us, he joined us a month after we started Fairhaven. So he and I had been talking before then. Eight years later, his income has almost quadrupled. And again, that warms my heart to see that a member of our team is financially participating in a big way in the growth of the firm. And that's great for his family. And I love seeing the idea and the strategy play out and work. It's so rewarding to look back and reflect on hooking up these plans and that they're actually working.

Louis Diamond:

Last question for you, and there's a lot of learnings you've, I think, shared and been very open about your success and your growth. But to me, I think one of the biggest takeaways that a listener can have is how you've put yourself out there in a very scalable way through your marketing. So I wanted to ask, any guidance for an advisor or industry professional listening who kind of likes what you're doing and sees the benefit of it, but doesn't really know where to begin. What's the next best action they can take to become the next Marc Horner, to kind of begin down that path?

Marc Horner:

Well, yeah, they should raise their sights a bit higher than that, in my opinion. But I think being genuine, not being afraid to show people who you are and to be prepared for people to not be comfortable with whatever it is that you're doing, I think are very important things to think about. So what I talk about with our group as far as our marketing goes is the whole image of retirement with a couple walking hand in hand down a moon-lit beach. We're leaving that to Goldman Sachs and Morgan Stanley and Charles Schwab and all the others. Let them have that part of the marketing stuff.

We are going to play in the end of the pool where it's like in our company intro video where there's a financial advisor in a chicken suit giving advice, and there's a husband and wife, with the bride eventually kneeing the groom in the groin as a visual demonstration of divorce. And we are going to have bagpipers at the end of a video and I'm going to be wearing a kilt and

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we're going to play in that end of the pool and be genuine to ourselves. And not everybody's comfortable with that stuff. So we had a public relations person, that we don't work with anymore, pull me aside during the filming of one of these videos to say, "Hey, you're in the money business. You can't be having somebody knee somebody else in the groin as part of a way that somebody's going to learn about your company." And I said to her, "Well, so I hear you, but that is what we're doing. So if you're not comfortable with that, then maybe this isn't the right fit."

And so to not be afraid of people that are not going to get your vision or your earlier comment, Louis, about this isn't going to resonate with every client. Some client is going to feel like if I show them who I am that they're not going to want to do business with me. Well, I've got news for you, not everybody in the world is going to do business with you. So I'd say it's better to focus on the people that do enjoy what it is that you do, that do enjoy how you think about the business, how you communicate, and go after those people. Plus, it's a whole lot more fun.

Louis Diamond:

I would agree with you. That seems to be the secret sauce. Obviously, you want to make a good impression. You don't want to offend everyone, but it's being authentic, being yourself, and being comfortable that some will and some won't, but so what. And being comfortable that there's plenty of business for everyone, and ultimately, you're going to attract people that you want to work with. To me, that's the big takeaway, is be yourself and put yourself out there and good things happen.

Marc Horner:

Now, and I should say we've had a lot of fun about the different things that we do. We absolutely take our job and our responsibility seriously. We just make a conscious effort not to take ourselves too seriously. So that's the balance that we try to strike.

Louis Diamond:

Love it. No doubt. Marc, thank you so much for sharing this with us. And again, everyone, please check out the videos. I'm trying to bolster your YouTube account, but actually it's just really funny and maybe it'll inspire someone to do something similar. But really appreciate you being transparent and honest and just really showing us what makes Fairhaven special and what's led to your amazing growth.

Marc Horner:

Great. It's great talking with you, Louis. Appreciate your time.

Mindy Diamond:

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Being able to think creatively and with authenticity was life-changing for Marc and his team. He pushed the envelope in ways many other independent advisors wouldn't consider, and it paid off big for Fairhaven. It's a story that serves as a true testament to the power of freedom and control that can be achieved in independence.

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