



# EPISODE TRANSCRIPT

## What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

Mindy Diamond:

Welcome to the latest episode of our podcast series for financial advisors. Today's episode is What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective. It's a conversation with Scott Bills, chief executive officer and partner at Nilsine Partners. I'm Mindy Diamond and this is Mindy Diamond, on Independence.

This podcast is available on our website [diamond-consultants.com](http://diamond-consultants.com), as well as Apple Podcasts and other major podcast platforms. If you are not already a subscriber and want to be notified of new show releases, please subscribe right on your favorite podcast platform or on the episode page on our website. For Apple Podcast users, I'd be grateful if you'd give the show a review. Your input helps us to make the series better, and alerts other advisors like you who may find the content to be relevant. And while you're at it, if you know others who are considering change, we're simply looking to learn more about the industry landscape. Please feel free to share this episode or the series widely. A lot of advisors we speak with on this series and in the course of our business share how they never thought they'd leave their firm. Then, as is a fact of life, things change. That is both the firm and the advisor may shift their priorities in ways that are just no longer congruent.

And for the advisor, the firm that once served as the foundation for growth of the business no longer seems to be the right fit. Such was the case of Scott Bills. He considered himself a Merrill lifer, someone who thought he and his team would never leave. For Scott, his Merrill story started back in 2005 when he joined the firm. It was a family business that included his father who retired a decade ago, his brother, Brett, and their team. Together they grew an astounding business to nearly \$2 billion under management. Over time, they recognized things were changing at the firm. Mounting pressures of pushing Merrill products and limitations around what they could do for clients increased their desire for change. While they craved greater freedom, they were feeling stuck by loyalty to Merrill. That is until their loyalty to best serving their clients and business won out.

In September of 2021, the Colorado based team made the leap to independence with support from Dynasty Financial Partners and Schwab as their custodian. In this episode, Scott shares the evolution of the Merrill team and their transition to launching independent firm Nilsine partners. He and I have a candid conversation about thinking through change and the realities of making the leap. He also shares how they opted to shrink to grow, strategically leaving some clients behind, plus where they are today, what they are able to achieve in independence, inorganic growth, and much more. It's an open and frank conversation with plenty of solid takeaways. So let's get to it.

Scott, thank you so, so much for joining me today.

Scott Bills:

You bet, Mindy. I appreciate you having me on here.

Mindy Diamond:

Note: This is a transcription of a spoken word dialogue and as such there may be errors and/or omissions.

Page 1 of 24



# EPISODE TRANSCRIPT

## What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

Great. All right. Great story, so let's jump into it. Let's start at the beginning. Tell me a little bit about yourself and your career path in wealth management.

Scott Bills:

Yeah, happy to. Started my collegiate career in economics and finance. I was one of those strange kids that knew what he wanted to do when he grew up. My father was in the industry, I had a chance to work with him. Spent a few years after college doing various sales jobs. And I had a girlfriend now my wife that was working on a masters and PhD. So I spent some time in Salt Lake City. And then came to Merrill Lynch in 2005 and spent 16 great years there before launching Nilsine Partners in the fall of 2021.

Mindy Diamond:

Okay. So a lot to unpack there and we'll get to it. But you mentioned you worked with your dad. I know that your brother, Brett, is your partner. So tell us a little bit what you can about Brett's background as well.

Scott Bills:

Yeah, very different path. He went in the marketing route in college. And he started at Merrill Lynch straight out of college at a very young age. And he got a chance to learn a lot of different sides of the business. And really he fell in love with portfolios. He's a lot more analytical than me. And he just fell in love with portfolio construction and the management of it. And very quickly trained with one of our other senior partners and started taking over the portfolios not long after that. But yeah, we're similar enough and different enough to where it works, to where we have a great time doing it.

Mindy Diamond:

Yeah. So what's it like working with your brother? I too run a family owned business. I work with my husband and my two sons. So wondering what you would say about working with family?

Scott Bills:

We crossed over with my dad by a few years. So Brett had a few extra years. He started in 2001, so he had a few years before me. So I had about five and a half, six years with my dad and Brett there. And poor Teresa, one of our other business partners had to put up with all three of us all the time. But it's great. I mean, you get one or two reactions. And I'm sure you do, Mindy, it's people either think that's awesome or they immediately say there's no way.

Mindy Diamond:

"Are you crazy?"

Scott Bills:



# EPISODE TRANSCRIPT

## **What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective**

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

Yeah, "Are you crazy? How do you do that?" But again, you can have a different level of conversation and I think you can appreciate this with your brother to really just be honest and just be humble and say, "Tell me where I need to be better and how do we need to think about this for the greater good?"

Mindy Diamond:

And where was your dad at, at the time you moved? Was he still in the business?

Scott Bills:

No, he retired at the end of 2011. So we had had almost, well, I guess over 10 years. Not quite 10 years from the time he retired to when we decided to go.

Mindy Diamond:

Got it. All right, we'll come back to the family aspect of things. But for perspective and for our listeners to get a sense of things, tell us a little bit about your business. So you mentioned you and your nine person team left Merrill in September of '21. And I think I read that you were managing about \$1.75 billion in assets at that point. What does it look like now and is that \$1.75 billion number right?

Scott Bills:

Yeah, it's changed quite a bit. I mean, a lot of it was by design and kind of a lot of it having to do with our vision of what we wanted to create. So we actually just added our 14th full-time team member yesterday. And we actually had a summer analyst intern that started with us yesterday. So there are 14 plus our summer analyst right now. We just opened a Salt Lake office a few weeks back about a month ago with an advisor that's very like-minded, and loves our vision, and wanted to jump on board with where we're going. And when we left we had had an opportunity to take a look at our business. And there were some things like some loans and things of that nature that we were not going to be able to nor tried to bring with us.

But we targeted about \$1.5 Billion of those assets that we wanted to bring with us. Got a chance to just try to re-energize for the next wave of our practice. So market adjusted. We're at about 98% of that target after glorious 2022 in the financial markets, taking a chunk of that away. But we're thrilled with where we are and feel like we've hit our target.

Mindy Diamond:

And probably having a whole lot more fun doing it?

Scott Bills:

Without a doubt.

Mindy Diamond:



# EPISODE TRANSCRIPT

## What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

Yeah. So okay, you built an extraordinary business at Merrill. And what you just highlighted was a concept we call shrink to grow, where you said we're moving and not only will we be okay with being at less than the \$1.75 billion in assets, but we want to target less. So what was the thinking there?

Scott Bills:

I had the opportunity, and Brett did, and Teresa with where we came from. We had an opportunity a lot of people don't have with my dad's practice. But when he retired in 2011, we had a few hundred million under management. But prior to that, we had done a right sizing at one point. They were the team that had grown up in the brokerage commission world. So they had what, 600 plus relationships, a lot of transactional business. And that was part of mine and Brett's charge was to say, what is this business going to look like for the next 25 years, or 30 years, or 40 years?

So we've had the opportunity to right-size our business before we did it internally while we were at Merrill. And we were able to take it from \$300 plus million when my dad retired to at \$1.75 billion ten years later by putting process in place. And so we knew that with what we wanted to do, where we wanted to go, the clients that we have grown with, and where we are heading, that we wanted to go through that exercise again to say, "Hey, let's take a one half step back to get 10 steps ahead."

Mindy Diamond:

I love it. So it was an intentional shrink to grow, and I think that that's the key. One other question, you said that you just opened a Salt Lake City office, so your second office. And you seated it with an advisor who was like-minded. Was that advisor already part of your team? Or was that an advisor that was recently recruited to Nilsine?

Scott Bills:

Nope, that was somebody that we were introduced to that was looking for his next step, 20 years in the business. He had been with the previous firm, another RIA for 17 years. And when we got introduced, he was looking around for some other options. And culture for us is number one, we talk a lot about family here. And he just really liked the story. We liked who he was, and he's got a footprint there. And we just said, "Let's go do this together. We want to have a space there, help us grow that arena. We'll find other advisors, other operations team. And let's go do it the right way." So he was not part of our team, it just happened a few weeks ago.

Mindy Diamond:

Well, that's amazing because adding inorganic growth to the mix, the notion of growing by either recruiting or M&A, is the name that really steps up the game. But it's competitive job market. And it's hard to find talent. So I want to come back to that. I'm going to want to ask you a little more about that. But also for perspective, tell us a little bit about the kinds of clients you serve.

Scott Bills:

Note: This is a transcription of a spoken word dialogue and as such there may be errors and/or omissions.

Page 4 of 24



## EPISODE TRANSCRIPT

### **What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective**

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

Yeah, we've got a wide range. A lot of our growth has come a lot of business owners, multi-generational family wealth. We do some foundation work. We've got a pretty strong foundation there that we have and process around that. We're really big on process, but we've worked with some foundations and have had a lot of opportunities there. And then we also have a lot of retirees, medical professionals and business executives. And I've always joked, if you can draw a ring around there, I think that covers most of our client base.

Mindy Diamond:

Yeah. Okay. So we'll come back to more about that in terms of how you're serving them as an independent. But I want to talk for a little bit about your time at Merrill. So you spent 16 years there most of your career, and I think you said Brett, it was the whole of his career. So from your perspective, how did things at Merrill change over time?

Scott Bills:

That's a great question. I've been asked that a lot. You got to think about kind of our perspective as well. I mean Teresa, my partner, she was 35 years at Merrill. Erin, 20 years at Merrill. Brett, 20 years at Merrill. I mean, you just kind of go down our list. Most of us had spent, if not our entire financial services career, most all of it. But even beyond that, we had senior partners that had been there since the '70s and '80s. So I had a lot of back knowledge of what Merrill of old was in Mother Merrill. I think the world's changed, clientele has changed, information has changed.

And then the obvious, I think, with a lot of the wirehouse world is the consolidation in 2008-2009, and Bank of America coming in. I think things had just slowly changed. And for us it was more about what we were able to provide for clients, what the response rate was from our back offices and the services, and what our teams could do for clients. And it just felt like it was going the wrong way. So we were always client first. We were always trying to make sure that it's about the clients, and can we get the resources that we need? And slowly and slowly, it just became less about the client in our opinion. So it had changed that way a little bit.

Mindy Diamond:

Yeah. And how specifically did some of those changes that took place over time at Merrill impact you and your business? Can you give us, I guess what I'm asking, a tangible example of either a client complaint because of it, or how it was diminishing growth, or affecting revenue, something of the sort?

Scott Bills:

Yeah, probably a couple answers to that question. One comes from the client, it's not a specific client issue. But the back office that we had, even when I started, was strong. You would get the correct answer right away. To where by the time we left, our support staff would call to get an answer from one of the back office folks. And they would be on hold for 30-45 minutes. And this is internally. And then a



# EPISODE TRANSCRIPT

## What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

lot of times the answer was not correct and we'd have to call back and go through that. So that's probably one answer. Two, we never had a growth problem as I kind of just explained. We grew because we wanted to. And I understand I think there's a lot of folks that have lifestyle practices, and get comfortable and complacent, especially when the market's running like it did and has up to 2021.

But we were always growth-minded. But I understand that most advisors aren't in that bucket. But 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 their 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 kind of 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 kind of a couple 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, we thought the telescope was pointed the wrong direction.

Mindy Diamond:

So when you began to think about leaving, was it, "Let's get out of Merrill or bust?" Or was it, "We really want to be independent?"

Scott Bills:

Quite honestly, I think we just didn't know what we didn't know. I don't think we ever thought we'd leave Merrill. I'm like a super loyal person. I mean, our whole team is loyal. I mean you look at it with our track record and how long we spent. So this was not a easy choice. This was not something we're just like, "We got to get out of here." As we've recruited various people to join our team, our firm since we've left, the question that I keep asking people is, "Are you running from something or are you running to something?" And we were squarely in the camp and saying, "Gosh, we don't love how we're feeling about what we're doing on a day-to-day basis. We're growing like crazy but it doesn't feel right for the clients." And when we sat back and looked at it, we just said, "We got to go see what else is out there." I think we're doing our clients a disservice if we don't explore.

So back to your question, we weren't running from Merrill because I had a great career there. I've got the multi-generational family business there and a lot of history there. So a lot of respect for it. But we just wanted to say, "Where do we need to go to make things better for our client?" And as we explored, quite honestly, I didn't know a lot about the independent space. I quite honestly, as a Merrill wirehouse, born and raised kind of guy, I was like, oh, I'm wirehouse. And I didn't really understand the



# EPISODE TRANSCRIPT

## What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

independent space until I kind of grew up in the business and kind of take a step back. So I think once we saw what it meant and what it meant for our clients, and what we were able to do, all of a sudden our gears just started turning, saying, "This is it. This is the answer for us."

Mindy Diamond:

Yeah. It's funny you mentioned, "We're loyal guys and we never thought we'd leave Merrill. It wasn't an easy decision." That is probably that constituency you multi-generational. My dad worked at the firm, it's my brother and I, we've been here for a long time. The thought of leaving is probably the greatest anathema. So I think you're right in what you're saying, not surprised. And what I tell people, because I work with a lot of multi-generational teams, is that it just means the bar is generally higher. The amount of pain you need to be in relative to somebody else that would make you want to leave, and how much better some other option or opportunity would need to be to make you want to leave.

Scott Bills:

A hundred percent. I mean when the light bulb kind of finally clicked on for us and we saw it, it wasn't a matter of if it was then when. Because we finally could wrap our brains around it. And there was so much excitement around it for us that... And hard yes, we could talk about that. But the excitement was going to drown out any other noise.

Mindy Diamond:

Yep. Well, I want to hear hard. This is a podcast that's about sharing the truth. So we're going to talk about the transition and how hard it might have been. But a couple of questions first. So one is look, 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 or your dad never really had a chance to take any chips off the table?

Scott Bills:

Yeah. And again, hard and being vulnerable in 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 our 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. I mean, when you break it down.

And part of that, again, 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 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





# EPISODE TRANSCRIPT

## What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

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 Teresa right there as 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.

Mindy Diamond:

Yeah. But how might the calculus have changed or would it have changed if your dad was still in the business? And I'll tell you why I'm asking the question. For almost every advisor, young or old, no matter how long their runway is to retirement, there is a lot that can be compelling about independence. The notion of building equity, and more freedom, and control and all of that. But for advisors that are either closer to retirement or in some way, kind of this is the back nine of their career, it's harder to justify. So had your dad still been part of the equation, do you think you would've made the same decision?

Scott Bills:

Great question. That one's hard for me to answer just because it was 10 years removed, but it definitely would've been a consideration. I mean, if you think about those advisors that are in the backend of their career, where the wirehouses do a great job is making advisors feel their worth and value is on a number. It's, "Here's what your retirement paycheck could be like if we buy you out. Here's what your transition paycheck," and it's all based on a number, it's revenue, it's production, whatever you want to call it. And part of the drive to the independence is the flexibility of that. And we looked at a lot of different things, but part of that has to do with the flexibility of somebody retiring or buying out a book. You're stuck to a wirehouse model and you have to get out at a certain period, or you're going to be driven by what they're dictating, what the retirement program looks like.

And then on the back end, those advisors that are inheriting, or buying, or whatever you want to call that your book are then locked in. On the flip side, in the independent space, something that spoke to us is if we have somebody that retires on one side of the business, we can structure that however you want. I mean you think about that, say, "Hey, do you want to come consult for the next four years, and then we'll spread your payout over seven or nine, to just smooth out your cash flow?" Incentivize them to do that and make those packages potentially look better, but give them more flexibility, healthcare, et cetera, it's a completely different game. But I think advisors get so locked in to this is what it looks like





# EPISODE TRANSCRIPT

## What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

in the wirehouse world. That's what it must be. There's just so much more flexibility to drive what you want.

Mindy Diamond:

Right. And you are right. We say to people all the time, you've been wearing wirehouse goggles for the last 16 years, 20 years, 30 years. And it's hard to imagine or see life beyond that. We have moved many multiple multi-generational teams where there is a senior advisor, a dad, a mom, whatever it may be on the team. And I think the key is that the senior advisor, if they were the only one, and they were actually putting their retirement financially in jeopardy, it would be a hard decision to make. But an easier decision to make if you've got especially younger family members with a longer runway that are willing to help to be flexible, to help you figure out a way to protect your retirement financially, but do right by the business as well.

Scott Bills:

Absolutely. And each advisor's objectives, and goals, and thought process are different. Some people just want out. Run a great practice and that they're ready to go.

Mindy Diamond:

So I want to get to the meat of this. I loved what you said that you didn't know what you didn't know, so you went about doing due diligence on the space to say, is there? And if there is, what would be a better option to serve our clients and build this business better beyond Merrill Lynch? So you looked at the other wirehouses, you looked at other options, and you said a light bulb went off. Despite the sort of hassle factor of transition, which we'll get to next, a light bulb went off where the excitement was greater than the fear. So what was that aha moment? What was the excitement about? What were you hoping to achieve or believed you could achieve that you couldn't while an employee at Merrill?

Scott Bills:

Yeah, I think the concept of fiduciary jumped out at us for one, for us to be in this conflict free environment to where we can just go shop and go find the best solutions was... That was number one. We didn't feel like it was, "Here's your one mortgage option," or, "Here's the one trusts company," or, "Here's your banking option, or, "Insert product solution here." And just to be able to really go find each situation and say, "Listen, we got to go shop for you." Two, it didn't matter what the advice is. We're on the advice and guidance world. It's not about which manager are you using, or which portfolio strategy, or is this commission based, and what's the fee rate for this account versus this. We are not incentivized to... If it's a private placement, or private market investment, or if it's a CD, or if it's a stock, or if it's go to cash, we're not incentivized any differently.

Those jumped out at us kind of on the client side for me, I've talked to other advisors as we've talked about recruitment, and everybody's a little different. Not everybody wants to run a business. We



# EPISODE TRANSCRIPT

## What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

wanted to run our business. We wanted to build a brand. We wanted to grow outside of just our borders of Colorado because we've got clients in 38 states. We wanted to build something that is not just second generation, but third and fourth generation that would stick around. And we could have taken a paycheck, and gone, and done the same thing and had a very successful and lucrative career. But ultimately, all these other things that opened up to us, we were like that just checks all the boxes. We always ran our business like a business as a W2 employee. But we didn't have the reins to do what we really wanted to do. And so as we started unpacking all that, it just got more and more exciting, and we just said this is the direction we need to go, now we need to find how to do it.

Mindy Diamond:

I actually read that you were quoted as saying, "We've always run our practice as our own business to meet the needs of our clients. But we now have the opportunity to be solutions based, not product driven." So give us an example of what that means. In real life, how as Nilsine, as an independent RIA, you're really living and breathing that?

Scott Bills:

A real good example, we've got a great family that we work with. And they had some roots in another state where their multi-generational family money had come from. And they had a lot of ties to the state. And one of the things when we had the opportunity to start working with that family back in 2017, they said, "Hey, we'd like to have everything domiciled. We understand the tax benefits and things of that nature in other states. But we'd like to have a trust company that is based out of this other state. And when we were at the wirehouse, we weren't able to do that. It's like this is our option." Ultimately, they still felt good enough about us and our story and what we were delivering for the family, for us to have the opportunity to work with that family. But when we left, we were able to go specifically for that family, found a trust company that partnered really well with us that understood what the family needed, what the needs were of that trust.

And so now we have a trust company domiciled in that state that meant so much to that family. We were able to just come in and say like, "Listen, when we say we built this for you, here's the trust company that we're going to work with. And we heard you many years ago, we understand how important that is. But here's how we're going to solve for that now. And it spoke to them because it was about them. It wasn't about here's in the back pocket. We could go search for it and does it create a little extra work? Sure, but guess who's very happy with what we did, our clients, and that's what matters.

Mindy Diamond:

Right. I think those tangible examples, connecting the dots are so important. Our listeners, people that many of whom may be prospective breakaways themselves or just beginning to do some due diligence thinking about making a change. There's a lot of platitudes in the business. Oh, you can shop the street.



## EPISODE TRANSCRIPT

### **What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective**

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

Or oh, you can act as a fiduciary. Or oh, you don't have to be product driven, you can be solutions driven. So that sounds good. What does it mean? Those tangible examples, I think, are really important and I appreciate that. You mentioned also that the most compelling thing for you was the notion of being held as a fiduciary, to shop the street to be conflict free.

So I ask this of a lot of breakaways on this show. And it's the notion that even though, as an employee of Merrill Lynch, you are not held to the fiduciary standard, it's the suitability standard, most quality advisors think of themselves as a fiduciary. They may not be able to shop the street, but they certainly believe that the inventory of products and services that they have access to is more than enough, more than what they need. So how is it different in your mind? Again, tangible example, how is it different?

Scott Bills:

Giving you a tangible example. A solution that is offered at most wirehouses is a market linked investment, a structured note. And what would happen is every month they would come up with a basket of here's your eight to 14 offerings that you have for the month. And here's the issuers and they've gone through the due diligence process. Well, what you realize when you look independently and you talk to other advisors that are independent is the terms of those notes have already been skinned down a few times once you look at the broker dealer associated with it and what your end client ends up receiving. Same thing with bonds. There's markups, markdowns of multiple levels by the time your client actually sees it.

And so in the independent world as far as that intangible and opportunity, there are platforms out there to where you can go out and say, "Here's the type of structured note we are looking for in this environment where the market's all over the place. Hey, we want an income note that's going to generate 8.5-9% return with some downside buffers." Well, now you've got 12 banks or 14 banks that will go out and compete for that. And we can go to our clients and say, "Hey, we are able to create this because we wanted this to fit your portfolio, not because this is what was chosen for us."

Mortgages. We don't get compensated on mortgages in the way we've structured ourselves, but you've got a HELOC, I've got this solution here, and I want to connect you with my contact here. You need an arm, here's the best option for you here. It's not, "Call my banker and then they'll tell you if you fit into their box." I mean it's just real life things that you do for your client on a day-to-day basis that you now have the flexibility. And yes, it seems overwhelming that, oh, I've got to go shop all this. But the independent space has grown so much to where it becomes easier and easier for you, and you can just build a process around it. And it's just the clients love it.

Mindy Diamond:

You actually took the words right out of my mouth. So while yes, you can shop the street and you have 12 to 14 banks competing for your structured product business, that also can sound pretty overwhelming to the uneducated ear. So how do you deal with that?



# EPISODE TRANSCRIPT

## What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

Scott Bills:

Through great resource partners. There's so many technology platforms out there that do this on structured notes for example, that you align yourself with one of these technology platforms. They do it, you see it real time on their technology and you say, "That's the one I want." And then they help you place it. It does seem like a lot, but I'm not going to 12 different banks. We're using the right technology partners to help us that have already done that because there's needs that are being filled that people that have left wirehouses that have gone and created. It's amazing.

Mindy Diamond:

Yeah. You happen to be right about that. The independent space has matured so much in the last decade and so has the ecosystem born to support the breakaway. So as we talk to advisors who broke away 15 years ago, they talk about how hard it was, and how much more mature, and robust the solutions, and the transition planning, and how to get from here to there is now versus then.

Scott Bills:

I can't imagine the people that did it 20 years ago or even 15 years ago. With our selection, we ended up partnering with Dynasty. And we knew we wanted to go independent. But I talked to a lot of folks as part of my due diligence. And good buddy of mine, he just said, "Hey, it took us about seven years to figure it out." And we already talked about our... And this was I guess, what about 15 years ago where they went independent, really quite early on still. But when I heard that, I've said this before, I just said we didn't have time for our client's sake, for our growth sake, we talked about our growth trajectory. We weren't going to go and then try to figure it out with our clients. We needed a solution for us that we could just plug into and just keep running, get everything moved over. There was definitely a learning curve, but that we could get back on offense rather than just trying to collect what we were trying to all the pieces.

But 15 years ago, and when I hear people say it took us about seven years. And now we're getting into process, I'm like, ah, I don't have the time, patience, or energy for that right now. Let's find a platform to help us get there quicker.

Mindy Diamond:

Yeah. And when we get to what the transition was like, I'm going to ask you about why Dynasty, and how it was helpful, and how you imagine it would've been without it. But I want to ask you a tangible question. So when you talk about the ability to be solutions driven and not product driven, and the ability to shop the street for structured products, or loans, or whatever it may be, how impactful to the bottom line... I understand how it's better for clients. But is it impactful and how is it impactful to the bottom line to be able to do those things?

Scott Bills:



# EPISODE TRANSCRIPT

## What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

That's a great question. I mean to the bottom line, I think there is a tangible answer and I think there's an intangible answer to that, if that's fair. If you're doing something and you're in advice and guidance world like we are now. So we get paid now as we talk to our clients, we are paid for advice and guidance rather than a product, or an investment solution, or whatever it is. Here's your fee, here's what you pay us for. Now our job is to wrap our arms around your relationship and go find the best and brightest for you. So when you're doing that, and go back to the market link notes before, yes, in the wirehouse world, you're getting paid a commission on those items. So you're incentivized to offer those. And so bottom line wise, if you're saying, "Okay, well, we need to offer some of these," you are incentivized to do them if that's part of your business structure.

In the advice and guidance world, you know what the rate is that clients are paying you and now you are doing it because it's truly what's right for them, and you have conviction behind what needs to be in their portfolio or part of the solution for them to find it. So tangibly, yeah, you're getting paid differently to the bottom line if you will. But we've already seen it in 20 months that by doing it that way, clients are more engaged and more willing to consolidate things with us because they know that we are in their corner. And so we have seen asset accumulation consolidation as a result. So that's kind of the intangible component to it. So I don't know if that's what you're asking, but it's-

Mindy Diamond:

It is what I was asking. I think that's exactly right that while it may not, in every case, translate to additional revenue because you are getting better prices on structured notes or a better loan rate, it is paying off in terms of growth because you're better serving clients.

Scott Bills:

I was raised by our father that just said, "Hey, you do things the right way, the compensation and the money stuff comes later." And all things equal, money makes things easier in this world. So if you do it the right way early, things pay off later. And we've always taken that approach and it has always followed suit. And that applies here. We've just said, "Listen, we want to show everybody." This was a big change for people that had been in one location, one brokerage with us in some cases for decades, for some of those multi-generational clients, to just go and show them, "This is why it's different, this is why it's better for you and this is what we're going to be able to deliver. And we're still rolling things out." And people are saying, "Ah, we should look at this now. We should look at that."

We're uncovering stuff and we're planning base that we never thought were opportunities that are now they're coming forth. And the amount of referrals that we've received has been... We always had a lot, but it's noticeable difference since we've left. It's just, there's that goodwill component. That was the unintended benefit.

Mindy Diamond:



# EPISODE TRANSCRIPT

## What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

Benefit. Yeah. Well, we talk about independence. Somebody who wants to be independent needs to be long-term greedy. Because if all you are about is the short term getting the biggest transition package on the way in, or being able to count dollar for dollar how something you're doing is impacting growth of the business, then it may not be for you. But if you're willing to play the long game, we know that the benefits of independence mean that you're building a business that will have real equity value that can be either sold on the open market. And we're going to talk about your end game later. But you're also talking about intangible benefits that really help with growth because the clients like the story.

Scott Bills:

They do. And one of the most intangible benefits is we're happy.

Mindy Diamond:

Yeah.

Scott Bills:

We've joked. It's not just those of us that are, "Owners," or the core executive team that built this thing, it's our entire staff has a pep in their step. And we've coming out of COVID and our whole staff have just said, "We love coming here. It would've been really hard going back to work even though we love working for you guys. But we love coming here and we feel invested." And clients feel that, they know that. And they're happy with that and that feeling. And when clients are saying, "How's the business going?" They're just excited about what we're doing. There's just things that we didn't realize we would be talking about with people coming into this space.

And back to your question about the long term, yeah, there's value there. But back to what I just said a minute ago, you build it the right way and you build something, you worry about that stuff later. It's not like we've got a goal to sell this thing in three years. I mean, that would be a little counterintuitive for what we just told our clients, we're looking to build, and we're growing, and we're having fun.

Mindy Diamond:

Yeah, I love it. All right. You mentioned it a little, you alluded to the fact that you just kept getting more and more excited about the notion of independence. But I want to hear a little bit from the real truth behind it's a hassle to move a big business and to go independent. It's certainly a bigger leap than moving from Merrill Lynch to Morgan Stanley or UBS. So how much of a hassle was it and how disruptive was it?

Scott Bills:

I think one of the hardest things for us, we've built ourselves, and being genuine, and authenticity, and all that stuff. And one of the hardest parts about it was living a double life. Nobody could know. And we have built this practice, we had a multi-generational component to it. We've always done it the right



## EPISODE TRANSCRIPT

### **What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective**

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

way. Our clients are friends and they mean the most to us. But not being able to tell a soul what we were doing. We are working two full-time jobs. And for us it was a full probably nine, 10 months where we were really in it. I mean, really in it. But a couple years of due diligence before. And we had the benefit of the COVID time horizon. So we'd wrap up our day to day. And we were at home. And so we were able to start in the late afternoons and evenings and weekends, really start doing more due diligence, and planning, and all the items.

So it's a lot of work. I mean it is. It's a big business to move. And there are a ton of unknowns. When we called to invite our clients, we said just that. We said, "We know this is a lot for you. And this is squarely an invitation because we know you have choice. And that it's an invitation because you guys mean the world to us and we hope we've been able to deliver on the things you've told us we have over the years." So to make sure that we planned correctly. And we thought through the details and everything that it took to build a business.

I mean, you're building a business behind the scenes to go move everybody to this new business. And then when you get out, you are now running a business. You are no longer just an advisor. The internet goes out, the water bill comes through, you have to create new processes on top of it. But that was part of what we wanted. We were looking for that. And I've talked to plenty of... You've talked to more than I have by a thousand fold I'm sure, but not everybody wants that. But that was what we wanted.

Mindy Diamond:

You hit the nail on the head. It's a lot of work and you got to want it. So it became a labor of love. But I'm wondering how long after launch did you begin to feel like, "Boy, this is really worth the hassle. We're excited?" I have to imagine the first days and weeks were like, "Yikes, what did we get ourselves into?"

Scott Bills:

I've shared this story with some folks, but I was driving in the other day, I was sitting at a light that was right around the corner from our office building. And it's morning I just dropped my kids off at school and I was kind of daydreaming. And it was one of those back in time moments or deja vu moments where I was just thinking back to those first days and weeks of coming to our new office, and the grind, and the long days, and everything else of the invitation, and new account set up, and transitioning assets over. And my honest gut feeling that I had was like, "Man, that was fun." And I caught myself. I caught myself because I'm like, "That seems sick. What's wrong with you?" But because of what we just talked about, because it was ours, because the response, because of the buy-in, because the team, it made it all better.

And I've heard from advisors of the years to go wirehouse to wirehouse be like, "Oh, man, will never do that again." And then you got the people to do it every seven years. I think for us, because it was our thing and it's what we wanted to do, and it was giving us the freedom, it felt a little less painful. But to





# EPISODE TRANSCRIPT

## What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

your question, it was a lot. We would work all day at the end of the day, we would gather up in a team. We were just talking about this last week about getting together at the end of the day just to kind of debrief and just make sure everybody's doing okay. And we were tired, but we were cheering each other on, and food coming in. And it was fun and it was a memory. But yeah, I told clients, I'm doing this once.

Mindy Diamond:

Yeah, you don't want to do it again. I got it.

Scott Bills:

We're not doing this again.

Mindy Diamond:

Yeah. Well, so let's talk about choosing Dynasty. So Dynasty Financial Partners for anybody who doesn't know is the leading service provider in the space. And their motto has always been we're the easy button. Press the easy button to get from here to there. Here being working as an employee at Merrill, there being launching your own firm. So there is a more crowded field. There are other service providers besides Dynasty. So one, what was behind the thinking of choosing to use a service provider at all? Did you ever think about going DIY, do it yourself? And why Dynasty in this more crowded field?

Scott Bills:

I kind of mentioned this earlier and I know all the custodians have gotten a lot better in that support space and they've made a focus as the independent space has grown. But because of what I mentioned with my buddy, we weren't about to go to through a learning curve. So when we met with Dynasty, just the offering that they had to kind of package everything together and help us get through really those first couple years. I've told people kind of what they did to help us during that period while I was working two jobs, creating a business, sit in the after hours, and doing our day-to-day job. What they did to help us get the business created, the legal in order and make sure we had all of our ducks in a row so that we could jump day one and be functional without having to kind of recreate the wheel was just to us, it was invaluable.

We operate like family here. Our clients tell us we're like a warm blanket. All those different things. We wanted somebody that had the same path that we were on. We felt like we were growing so rapidly in an environment before that was going the wrong direction. And Dynasty's growth and trajectory, and the more offerings they were bringing, it really helped us get out the door. And so when we finished my basement in my home, we ended up with a company that said, "We're going to get out of there and you need to stick on your timeline, but you need to follow these rules and we'll be out of your hair in six weeks. If you fall out of line, we're going to have to delay you. But if you can do it, we'll be done in six weeks rather than six months." I felt like that's kind of what Dynasty did.



## EPISODE TRANSCRIPT

### **What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective**

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

They just said, "Here's the roadmap, we'll get you out, you pick your date and we're going to tell you when you need to have decisions made. We'll get you lined up and then you make all the choices." That was big for us as well. It was our business, we own it, we own our ADV. They're not taking a stake, we're not taking a paycheck. We get to go build and we've got a great partner. And for us, just once we got to those final top three, five then three, we just said that spoke to us and it was everything we were looking for in one spot.

Mindy Diamond:

So I want to ask you a question. You mentioned the advisor with 20 years experience that joined you in Salt Lake City. To what extent was Dynasty helpful in crafting the compensation plan for that advisor? In other words, as you begin now to focus on inorganic growth, what's Dynasty's role?

Scott Bills:

Yep, they truly are a resource. I mean we've bounced ideas off of their M&A team to make sure we're structuring things correctly and making sure that we do the analysis on the P&L to say, "Hey, what's the impact to this advisor? What's the impact to Nilsine partners?" So they're hugely helpful. They're a resource for where we need it. And it's one stop shop. Plus we've got other partners outside that we've met over the years or over the last two years that we've created. But we go to them first to say, "Hey, who should we talk to first?" And then we go to make the decision on who we want to work with in certain areas. They've been very, very helpful in that way.

Mindy Diamond:

That's wonderful. And what does your clients say? It sounds like your clients like you are continually discovering the benefits of your being independent, of things you are able to do better for them or with more freedom and control than you could before. But it's hard to describe that or make that tangible on the day you're leaving probably the most well-known brand in financial services, to essentially go to a no brand firm. So what did the pitch sound like and were the clients skeptical?

Scott Bills:

Yeah, I'm not going to lie, those first couple days are kind of a blur. As you've heard it I'm sure, it's the Jerry McGuire moment. You're calling just to make the invitation while on the back end, the people that are left behind are trying to collect all your clients. And so it's a blur. But we just said, "Hey, we've left Merrill." It was all of us. I think that was an important component for us. Our entire team went, even though our staff had no obligation, they worked for us, but they were technically employees of the firm before. Every one of them said, "We're coming with you. We've worked for other advisors. We believe in you." And their loyalty means the world to us. But we were able to tell our clients that all nine of us left. We then talked a little bit about what's different, Shirl Penney, the CEO of Dynasty, and their Dynasty's kind of idea of triangulation of advice.



# EPISODE TRANSCRIPT

## What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

And we just tell people, "Listen, there's three different levels to this. Number one is us, that's your team. It's the nine of us. We continue to manage your money as we always have. It's the same team. We run your support. We're running the financial planning. It's the advice and guidance. We are your service hub." The second area is your custodian. We are not employed by them. They're the ones keeping your money safe. We ended up with Schwab as our custodian. And so we said, "We don't work for Schwab. They're a resource partner of ours. But it's not us as the RIA trying to keep your money safe. We've got an institution as large as Schwab that is now covering your assets."

And then our third leg of that triangulation is the resource partners. So we've chosen Dynasty to help us find the different technology that we can bring in to... When we can go, which kind of financial planning software do we want to utilize? And what kind of risk analysis software do we want to utilize? What kind of trust companies do we want to utilize? It's that third leg of the stool, but we're at the hub of all of it. But all of them are separate so that we can... If we decide we want to fire XYZ provider, we can move on because we can go shop the street.

Mindy Diamond:

And what did the clients say?

Scott Bills:

They say, "Oh, wow, that's going to be different for us." And then 95% of them said yes right away. I can sit there and go try to find a new relationship. And we had clients say, "You guys are the reason we feel like we're in the position we're in today. There's no way we'd try to learn somebody else. We're with you a hundred..." I mean, when you get that positive feedback, it helps go with momentum. And it just was this range of emotions. But it was a lot of, "Thank you. And what do we need to do? And how quickly can we get it over?" We just don't know going into it. You hope you've done things the right way, but you just don't know. But it was overwhelmingly positive.

Mindy Diamond:

Yeah, I think that's probably the biggest fear of even the biggest and best advisors in the industry is will my clients follow? And it is a leap of faith. And it is a matter of trusting that you've always done the right thing. And probably most importantly, knowing that you would be okay, you would've made the same decision even if not everyone said yes.

Scott Bills:

A hundred percent. And it comes back to what we talked, we knew what we wanted. And as you talked to advisors in what you do, Mindy, and as I've talked to other advisors now that I've been in this outside world and looking at recruitment, before we get anywhere, I just say, "You got to be able to define what you want. Is it a paycheck? Is it running a business? Is it flexibility? Is it a higher payout?" I mean, there's only so many levers you can pull. And once you figure that out, you know. And we knew. We knew



# EPISODE TRANSCRIPT

## What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

where we wanted to go. And we just said we felt like we had done enough, but let's go have some fun. And we are having fun.

Mindy Diamond:

It's interesting, we tell advisors all the time, probably almost no exception, it is impossible to have it all. Every advisor would want to go somewhere that gave them the highest payout, a hundred percent equity, the greatest amount of freedom and control, and the greatest amount of support. Doesn't work that way. So it is very important to decide what's most important, what are your non-negotiables we call it? And one of the things we do with advisors is take them through a self-assessment to help them to identify that early on so that they're not chasing the wrong options. You knew definitively, that you wanted to build something, you were jazzed by it. And if I were talking to you, I would've said to you, there's no choice that would've made sense but independence.

Scott Bills:

Absolutely. And we feel that now and we understand that now. But we, in hindsight, it would've been great to have a Mindy to kind of help coach us through that because it took a minute for us to figure that out. But once we saw it, we knew. But I think it takes advisors a long time. Yeah, and it takes advisors a long time to see it. And I've talked to friends, and colleagues, and other people that have considered the same thing. And they just muddle around because they can't define it.

Mindy Diamond:

Yes, exactly. I couldn't agree more. All right. I know that you have your site set on bigger things than just growing your individual practice. You said it, you've already lived it. You've already recruited an advisor with 20 years experience to open a Salt Lake City office. So tell us about your recruiting and M&A goals as you think about the future.

Scott Bills:

We learned early on, first and foremost, is going to be culture and mentality and mindset. We are looking for people that want to be part of something bigger. And of course if you're in the wirehouse, you're going to get a higher payout, that's an additive thing. But we want people that want to run a team approach and kind of help build out. It's like our advisor in Utah, we said, "Hey, we want to build out a footprint here and we need somebody here locally." And that was exciting to him. And our story about where we're going because the industry's changed so much. He's like, "I just love where you guys are headed." And that's something that I feel like is needed. And so for us it's culture number one.

Number two, geographic regions. I mean there's areas that we have a lot of connectivity to. Utah, Arizona, Oklahoma, this whole area, Idaho, Montana, that we have a lot of connectivity to that we've been reaching out to folks and just saying, "Hey, here's our story. If you're interested, let's have a conversation." But as they say, there's a lot of frogs to kiss to make it all work. And you got to find the



# EPISODE TRANSCRIPT

## What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

right culture to go. But we're not just growing for growth's sake. I mean, this goes back to what I was talking about. What part of what had changed in our old world, we want to grow with the right type of people that catch the vision and are excited to come in. And we want to have fun again.

I mean, I've used that word a bunch today, but we are having fun. And it's a culture of fun and winning. And that's important to us. So it's a lot of using a lot through social media. Dynasty's been a great help. It's a lot of people in our network saying, "Hey, you should talk to X, Y, Z, we love your story." They're hearing our story and people are wanting to jump on board.

Mindy Diamond:

So we talk a lot about the concept of operating leverage that as fixed costs like rent and staff salaries remain constant, each incremental dollar of revenue goes to the bottom line and thus expands profit margins. So for example, you bring in this advisor with 20 years experience in Salt Lake City. You expand your profit margins and you own it as opposed to Merrill Lynch owning it, or UBS owning it, or Morgan Stanley owning it. To what extent did owning your operating leverage play into your decision to go independent?

Scott Bills:

It's a great question. I think it's part of our exercise, and this is probably something you do with the advisors you're talking to. But when you really break down what your W2 says at the end of the year based on what your revenue or production was, you can do math. It's not whatever that grid rate is. It's quite a bit lower. So a lot of what was taken from us was we're doing the work. But doesn't matter how big we got, it seems like we were taking a smaller share. In this world, it is all about a win for any advisor here is a win for all. And that's why we said it's a team. We're all coming to win together. And so we've taken, because of our size, I had heard from Schwab recently, I think they got 15,000 RIAs on their platform. And there are, I believe, the number is 400 over a billion like we are. Which was kind of surprising to me. I didn't realize, again, not knowing what we didn't know. But because of our size we are able to take out a lot of those.

It's scale. We've got more scale. And so that's something that we're able to offer to other advisors to say, "Listen, we're able to offer you a better payout because we've taken a lot of the main costs upfront with the size of what we've built." So the scalability of it is very important and helps not only us, but it helps the advisors that want to jump on board as well.

Mindy Diamond:

Yep. So would you be willing to share with us, Scott, what kind of margins you're operating on now?

Scott Bills:

Yeah, just actually went through this with our outsource CFO that we used through Dynasty as well last week. So we're at 63.5% last year.



# EPISODE TRANSCRIPT

## What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

Mindy Diamond:

Okay. So how do you expect future inorganic growth to impact those profit margins and ultimate valuation of the firm?

Scott Bills:

It's a great question. When we launched at \$1.75 billion when we left with... And yeah, nine people's a good size team. But we see teams out there in the independent space or even within the wirehouse that are 15 people deep with half a billion, you've come across them. So we've been able to operate because we just feel like we just have always hired unicorns. Just figments of everybody's imagination that do well. So culturally and capacity wise. But we want to grow with that. So we are investing, we've always been able to invest in people to help us get out on the other side better off.

And so I think the inorganic helps to some degree. There's some ramp up time with those, but it's about the people. We're adding different service levels for our clients and different staff members. We just added a couple folks recently to help with our existing client base to just increase the service that our clients get. So that will eat into those margins. But as we continue to grow asset wise, those will just continue to expand. The bigger we get, we've taken a lot of the costs out. Now it's just now it's just growth.

Mindy Diamond:

Right. So let me ask you a question, because a lot of people ask me this. If someone were just focused on payout. And I assume your payout probably with any sort of deferred comp and whatever incentive bonuses there might have been at Merrill, you were probably close to a 50% payout. A net payout now, at 63%, is certainly a nice uptick. But probably not enough on its own to say that's why I'm going independent. Do you agree with that?

Scott Bills:

I do. And that's why I mentioned do the math at the end of the year because with the third, and grid rate, and then you look at your W2 at the end of the year, and you help pay staff, and your business account, and everything out, I would encourage people to do that math because by the time it's all skinned out and on a W2 component, we are probably sub 40 by the time it's all said and done.

Mindy Diamond:

And that's key. You're talking about... People think compare the headline number, "Oh, my payout's close to 50%." But the net payout is often very different story than the gross payout.

Scott Bills:

Absolutely. And there's costs associated with that as well. So when you do the math and you really sit back and think of it, even if it were a 50% payout, your uptick is large. I mean, it's not a small number.

Note: This is a transcription of a spoken word dialogue and as such there may be errors and/or omissions.

Page 21 of 24



# EPISODE TRANSCRIPT

## What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

Mindy Diamond:

Right. And especially as the margins and the operating leverage grows over time by organic growth, greater referrals, and adding inorganic growth to the mix, that number will go from 63% probably to closer to 70% at some point.

Scott Bills:

Absolutely. That's the plan.

Mindy Diamond:

So what are you most excited about when you think about the future?

Scott Bills:

I think things have evolved. I mean really you asked the question about how long did it take to be worth it? About 18 months in, we've really taken a chance to sit back and look at the business and say, okay, what got us here is not going to get us there. And now we've got to run this thing like a business. We've got everybody over. We've grown dramatically with new clients and assets. What's the next phase? And that retooling of things to get us to the next level is what's exciting. Growing this team, it's so gratifying for me, having numbers 14 and 15 join us yesterday was just... There's a sense of pride with it. And having a Utah office just gets me so excited and people are excited about it.

So seeing where we go and having people have career paths that they've told me they're so excited about, and just being able to create things that people are like, "Man, this is where I want to be the rest of my career." And I know you're young, but we believe in the story. I'm an excitable guy anyway, but it just gets me juiced.

Mindy Diamond:

Yeah. And what do you think the end game for Nilsine is? When you and Brett look to retire, what do you think? Does it get sold on the open market? Does it get sold to your staff? What does it look like? Do your kids come into the business?

Scott Bills:

That's such a great question because honestly it's not one... I mean, I'm 42 years old. I don't have a five-year runway. I wasn't doing this for a quick end game. Again, I think if we do things the right way, whatever that is, it's going to present itself to us. This thing is never going to be for the client's sake or the staff's sake, be sold to an aggregator, a big firm that just is gobbling things up to sell. It would have to be the absolute right situation. We had a great example in our father that in the way he was willing to take a step back to see us take it to the next level and see a legacy grow. That's why we wanted to build something. We are part of a legacy and we wanted to build a legacy.





# EPISODE TRANSCRIPT

## What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

So end game, I've got visions of the next five and 10 years of the growth, and the types of people we want to add, and how we can continue to improve, and win market share, and be a differentiator. But as far as the end game, to be continued. I think it takes a certain kid to want to come into the business as well and follow suit. So we'll see. My kids are all way too young to figure that out yet.

Mindy Diamond:

So one closing question for you, because this was just fascinating and fabulous, and I'm so grateful for your transparency and willing to share it all with me. But if you could say one thing about your experience to your ex-colleagues at Merrill or other wirehouse advisors working anywhere within the traditional space, what would you say to them?

Scott Bills:

I would tell them to just step back, figure out what it is that they truly want, and then really do their homework. They do such a good job of making you about a number and you've always got, here's what your retirement is, here's what your comp is, and if you get to that next level. But it's so shortsighted. And it's just really take a step back and figure out what you want because there's an option to solve for all of them. And if you want to re-energize your career, answer that question and have fun again. Because what you see in this industry is a lot of advisors get very complacent. And at least in my experience, I feel like as time went on, they just kind of got grumpy. And it doesn't have to be that way. You can have more fun and it doesn't have to be independence. It's whatever that answer is for you, just take a step back and figure out that answer. What do you want and what is your next phase? And then go just figure it out and go.

Mindy Diamond:

Yeah. And I would say that "go" doesn't necessarily need to mean independence. I mean you wanted everything that independence stood for. It sounds like even in the height of transition, and the hassle, and the overwhelm, you were still jazzed. The vast majority of advisors wouldn't feel that way. But I think your advice about figuring out what you want and that in this expanded landscape, there's likely a very good likelihood that you will find your utopia. Even if it's something different than what you found or your colleague found. And that's the beauty of being an advisor today, it is all about advisor choice.

Scott Bills:

Well, a hundred percent. And to your point, not everybody wants to run a business. Maybe it's just you want out of a box. You want to have a higher payout. There's so many different levels and you don't ever feel it, but you're in control. You are in control. Yes, there's contract stipulations, you've got to always do things the right way. But you're in control. And you've got to be able to take it and go so you feel fulfilled and your clients are taken care of.

Mindy Diamond:



# EPISODE TRANSCRIPT

## **What a Move to Independence Is Really Like: \$1.75B Ex-Merrill Advisor Shares His Perspective**

A conversation with R. Scott Bills, Chief Executive Officer, Partner, Nilsine Partners.

I love it. Scott, this has been absolutely delightful. The future seems bright for you and Nilsine, and I'm excited for you. And I can't wait to follow your story more and hopefully you'll come back someday.

Scott Bills:

Would love to do it. Thanks for the opportunity. We are having a blast and the best is ahead of us.

Mindy Diamond:

As Scott shared, sometimes you reach a point where you realize that the telescope is pointed in the wrong direction. That is your vision and that of your firm are no longer aligned. And that ultimately when you do things the right way early, it pays off later. I thank you for listening. And I encourage you to visit our website [diamond-consultants.com](http://diamond-consultants.com) and click on the tools and resources link for valuable content. You'll also find a link to subscribe for regular updates to the series. And if you're not a recipient of our weekly email, Perspectives for Advisors, click on the articles link to browse recent topics. These written pieces are an ideal way of staying informed about what's going on in the wealth management space without expending the energy that full on exploration requires. You can feel free to email or call me if you have specific questions. I can be reached at 973 476 8578, which is my cell. Or my email [mdiamond@diamond-consultants.com](mailto:mdiamond@diamond-consultants.com).

Please note that all requests are handled with complete discretion and confidentiality. And keep in mind that our services are available without cost to the advisor. You can see our website for more information. And again, if you enjoyed this episode, please feel free to share it with a colleague who might benefit from its content. If you're listening on the Apple Podcast app, I'd be grateful if you gave it a star rating and a review. It will let other advisors know it's a show worth their time to listen to. This is Mindy Diamond, on Independence.