



EPISODE TRANSCRIPT

Industry Legend Ron Carson on What it Really Takes to Build a \$20B Enterprise

A conversation with the Founder and CEO of Carson Group

Mindy Diamond:

Welcome to the latest episode of our podcast series for financial advisors. Today's episode is industry legend Ron Carson on what it really takes to build a \$20 billion enterprise. It's a conversation with the CEO and founder of the Carson Group. I'm Mindy Diamond, and this is Mindy Diamond on Independence. This podcast is available on our website diamond-consultants.com, as well as Apple Podcasts and other major podcast platforms.

Mindy Diamond:

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.

Mindy Diamond:

And while you're at it, if you know others who are considering change or are simply looking to learn more about the industry landscape, please feel free to share this episode or this series widely. It's hard to believe that the founder and CEO of a nearly \$20 billion enterprise got his start in life as the son of hardworking farmers in Nebraska who had trouble making ends meet, so much so that they eventually lost the family's livelihood. Yet it was an experience that informs him to this day a story of caution and perseverance.

Mindy Diamond:

Because instead of being a victim of circumstance, Ron pressed forward with an intent of finding a job that had the greatest potential and the rest would be an amazing story that he shares with us today. In this episode, Ron walks us through his auspicious beginnings to illustrate that with the right focus, direction and mindset, anyone can achieve the incredible success he has. Ron talks about his start in the wealth management world, an idea that he cultivated in his dorm room in 1983.

Mindy Diamond:

His early experience with Private Ledger, the predecessor to LPL and how that became what the Carson Group is today, the retail RIA Carson Wealth, Carson Coaching, which has coached tens of thousands of advisors and Carson Partners, the turnkey partnership program that allows advisors to access and plug in to their model.

Mindy Diamond:

Plus, Ron shares the single most impactful actions he took along the way to go from zero to nearly \$20 billion and much more. Ron's a best selling author, a go-to for the industry media and a true legend in



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the wealth management world with accolades streaming from Barron's and the like. And he's a really interesting guy who shares my love of meditation. I'm excited to have him on the show, so let's get to it. Ron, I am honored and thrilled to have you join me today.

Ron Carson:

It's great to be here, Mindy.

Mindy Diamond:

Thank you. All right. We just talked offline that we probably have three hours worth of information and questions to talk about and want to squeeze it into an hour so let's jump right into it. You are one of the most celebrated and well known CEOs in the wealth management space. Tell us a little bit about yourself.

Ron Carson:

Mindy, I was born in Ohio and moved to Nebraska when I was nine years old. My dad was in the Air Force, came back, took over the family farm and pretty much thought I was going to be a farmer my entire life. And when I was 17 in 1982, interest rate at 21.5% and like a lot of farmers, my parents went broke. I had to find something else to do. And I was reading a Money Magazine article and it said top 10 professions of the future, right towards the top of the list was become a CFP.

Ron Carson:

And I thought, "You know what? That sounds awesome." Because I had an interest in money, I had odds in businesses as a kid like a concession stand, a paper route, a little popcorn business and I had a little greeting card business. I'm an actual auctioneer so I go around hall, all the people stuff out of their house, auction it off to the community. The saying one man's junk is another man's treasure is so true.

Ron Carson:

And the footnote to that story which I always love to share because I find you talk about the butterfly effect. My wife and I, Jeanie loved to go to Napa Valley. And for years we would go to the Napa Valley wine auction, recent casualty of COVID though that we were at a pre-party and this lady from San Francisco says, "You're from Nebraska, tell me what do you do?" And I told her my brief story.

Ron Carson:

She got the craziest, weirdest look on her face and said, "I was at Money Magazine at that time and I wrote that article." It was just like a wow, wow moment that you go through life and think how come one little thing put you on a total different trajectory than what you thought? And I went down



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Nebraska, actually was recruited to play football, was injured my first year and actually started this business right out of my dorm room.

Ron Carson:

My then girlfriend, today wife, Jeanie would sit there and listen to me for hours call out of the phone book and I could relate to farmers and least they would let me in, I could talk weather, equipment, grains. But I was a totally unconscious uncompetent. I didn't know what I didn't know and I was trying to learn it, but our profession then was very expensive for people to do business. I mean, the maximum loads in those days were up to 20. People think it was 8.5%, it's actually 20%.

Ron Carson:

You could do a contractual plan and mutual fund companies didn't even put their values on the statement to know to take the share price and the number of shares because it was a period where the market had been through a really rough patch. Plus, if you paid some pretty big loads going in. So sometimes I was a bearer of bad news to farmers of what their actual things were worth.

Ron Carson:

And then I read shortly within that time period too, just a lot of books about the profession. And there were more celebration about how much money you could make off of people or make off trades versus really being client centered. But that set me on a journey. And maybe we'll give you the highlights and we come back and talk about it. I was with LPL, well actually PL, Private Ledger before they were LPL, then Todd Robinson acquired LPL and it was even in those days, Private Ledger was primarily doing direct participation.

Ron Carson:

The reason they were of interest to me, they had a thing called a 503 certificate in Nebraska, which was basically a unsecured CD. But then in 1994, we were in a conference in Hawaii and there was literally 19 of us at the whole conference, that gives you some perspective. Todd talked about bringing out SAM, the advisory platform. And I was so excited. I remember going back to the room and telling my wife it's like, "We're bringing out a program where I truly get to sit on the same side of the table as a client."

Ron Carson:

Because in the past I always felt funny. If I was making a recommendation to someone to sell or buy something, there was always a transaction charge, it's how we got compensated. It just felt there wasn't a true alignment of interest. But I was the minority in that room. I remember mostly advisors said, "This is the worst idea I've ever heard. No one wants to know what they're really paying." So I was early on really in jumping on the advisory bandwagon.



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Mindy Diamond:

So it's extraordinary. And today that little idea you had in your dorm room in 1983 morphed into what is an \$18 billion firm. So I guess my first question, in your wildest dreams, did you think that Carson Group would become an \$18 billion firm?

Ron Carson:

No. Well, we just hit 18.5, so we really have a great chance, depends on what the markets do, right? But probably exceeding 20 billion. Not in my wildest dreams Mindy. But what I have learned is that if you really start with what's in the clients... I know we all say it, but if you really think, and I just came out of a two hour meeting with my board. It's like a lot of questions, a lot of opportunities for next year for us, is this in the client's best interest?

Ron Carson:

And if you really always ask that question first and you start with that, you can build anything you want because people are starving for an advocate, they're starving to trust people. When I say trust, I don't mean trust that, hey, they're going to steal your money, but they're starving for trust in that, are you doing the things behind the scenes proactively? Like our physicians, we hope that they're going to school and they're learning and they're calling us in proactively to do the physicals and to be out ahead of our health.

Ron Carson:

And that's really what the market wants today more than ever, is a true advocate and someone who are thinking about the things they're not thinking about, getting out ahead of the things they're not thinking about and being nimble enough to take action when true opportunity presents itself, whether it's a planning, market related, tax, legal, having a team that can actually take that and take action on behalf of the client.

Mindy Diamond:

I think that's great advice because a lot of our listeners are either prospective breakaways, meaning people that are not yet independent but thinking about it. And many of them equally are business owners of independent firms that are obviously much smaller than Carson Group. And your perspective on what it takes to be successful, I think is incredibly helpful. But for those that are not familiar, what is the value proposition of Carson Group? I know you have three different business lines, so maybe you can just take two minutes and share with us what they are and what the value proposition of each is.

Ron Carson:



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Okay, let me just start with the beginning. So today we have a retail RIA, which was what was started in 1983. We describe that as a seamless proactive service model. Some clients, we handle everything for, some, we handle just the parts of it. But it's single data entry, multi data use, single source of truth data warehouse. I mean, it's where we have evolved and we're growing really fast organically because of that.

Ron Carson:

And then in 1993, because of the success I had had on the retail side, and if you've not been to Nebraska, a lot of people come here and they're shocked wow you have trees and you have hills and it's not what I thought it would be. I think some people imagined we were a little house in the prairie with no electricity and no paved roads. So they were like, how on earth are you doing this in the middle of nowhere?

Ron Carson:

And I started my coaching program in 1993. We have coached tens of thousands of financial advisors. Today we have... I think we're by far the largest financial services coaching organization out there. And then in 2000, I really started thinking about this in 2009 about even at my size, which I was a fairly large independent at that point, looking at the change and everything coming at me and it's like, if I'm feeling this overwhelmed, call it a \$2 billion firm, then I can only imagine what a lot of my coaching clients are feeling.

Ron Carson:

Even though we talked to them about it, what's really deep in their mind? It's like, what if I could create a partnership, a way that people could join, have flexibility, retain equity for ultimate flexibility but to plug into that seamless practice service model, solve for all the technology and at the same time, continue to evolve it? I use the Amazon experience, we all use Amazon. The experience we're having today is far superior to the one we had when we first started with Amazon.

Ron Carson:

But they continue to switch out technologies, make the experience better without us having to even think about it. And that's what I created. Those are the three business lines, the retail, the coaching, and then Carson Partners where people can be acquired by us or they can just affiliate, retain their brand, retain all their equity and just plug into our technology and our service offering.

Mindy Diamond:

Thank you for sharing that, Ron, that's helpful. And we'll come back to a lot of that in terms of what each stands for in just a bit. But one of the things that probably everyone in the industry, every advisor certainly would love to know from someone who has built such a successful organization that's rooted in



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all the right things. What do you think were the single biggest actions or the single most impactful actions you took along the way to get from zero to what is 18.5 billion soon to be 20 billion?

Ron Carson:

Yeah, it depends on when you ask the question, Mindy. One of the things we teach this under our coaching program is S-curve explosions. You'll go along and all of a sudden, you'll retain, gather information and you'll have a huge growth curve and then you'll level out. And either you're leveling out to start a decline or you're preparing for the next S-curve. So I've gone back and looked at my life and go, there's a seven or eight of these just moments where I had an aha moment.

Ron Carson:

And I could give you a few of them. Like when I was first starting off, I had no value proposition, I could connect with people. I came up with this idea that I coined in my first book Tested in the Trenches, Love-Affair Marketing, how do you make people feel so good about what we do for them? They want to reciprocate over and over again. And I remember just doing crazy things and learning.

Ron Carson:

I had that questionnaire I would fill out when I was doing paperwork. Because keep in mind, it was just me. I didn't even have an assistant when I first started. What's your favorite restaurant? What's your dog's name? What's your kid's name? What's your favorite author? And it was very labor intensive, but I was always dripping doing something little for my clients and I would stay on top of mind and they... Oh my gosh, did they help me grow my business.

Ron Carson:

And then that led to... So I had a tremendous S-curve explosion through Love-Affair Marketing. And then I was overwhelmed with, okay, I've got this client, they're this size, this many years. What do I do for them? What's my budget. Then I met Michael Gerber who wrote The E-Myth. I actually was invited to spend a day with him with three or four other people in Aspen and for an entire day. And I walked out of that in cloud nine going, "Repeatable processes." And Michael Gerber's basic premise of that book, have you read that book before Mindy?

Mindy Diamond:

I did and I love it.

Ron Carson:

And what he says in the book is with systems and repeatable processes, you can take ordinary people and deliver extraordinary results. And without processes, you need extraordinary people to get ordinary



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results. And this is where I think it's different financial services. I think if you're flipping hamburgers at McDonald's, that might be true. But in financial services, you need extraordinary people, which will lead to one of my next S-curve explosions.

Ron Carson:

But without systems, you take extraordinary people and you only get ordinary results. But you need to start with extraordinary people because we are a people business, you have to think on your feet. So repeatable process systemization today, our organization is run around processes that we push out to all of our partners. And that way, if we need to make an adjustment and a change, we can make it system wide.

Ron Carson:

And then the third piece, which I should have started with this, is desire, burning desire in the gut. I've often said if I could measure how much fuel you've got in your gut, I could tell you not how successful you're going to be, but how successful you could be because you got to have that fuel. I think it's crazy we live in a world that we expect people to do something they don't love for almost all of their life to then maybe do something they love for a little itty bitty portion of their life.

Ron Carson:

And by the way, because they've done all this, they don't know how to enjoy life. So we created within our coaching program as a result of my success, blueprinting. Live your life by design, not by default. And by the way, if you're in financial services just because you can make good money, but you don't love it, get out. Find what your jam is, find what... Today I'm 57 years old, I don't have to work. It's not about money, it's about impact.

Ron Carson:

When I get out of bed in the morning, I am so excited for the day. Last night, we had some friends over sitting around the fire pit. They're like, "Why do you work so hard?" I said, "I don't work. I don't feel like I've worked in 20 years because I don't believe in the distinction between the two. I believe in just having harmony in your life." And back to if you find harmony with your activities being totally congruent with what the end looks like for you, you want to get to the end of your life saying glad I did, not that I wish I had.

Ron Carson:

But those three items alone propelled Carson to that \$3 billion mark before we even... If you just took those three things and then passion prospecting was added later. I was doing seminars and workshops and I have this epiphany like I love to do certain things and the clients that love it, they know people that love it that know people that love it that know people that love it.



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Ron Carson:

I love to hike, I'm an aviator, I like to bird hunt, I like to fish. And so now I've created... We have a full time captain and yacht in Marco Island so we take prospects and centers of influence out all the time. We've got a retreat just north of Omaha which gets used pretty much every day of the year. We're actually expanding the capacity up there because when you get these centers of influence or large prospects or any prospects and you spend that kind of time, or even with your internal stakeholders.

Ron Carson:

We don't use the term staff or employees, we use internal stakeholders to actually spend that kind of time and relationship building, that was a major growth. So there was four S-curve explosions. And then the fifth one is a self-made billionaire here in Omaha said, "Ron." Because I said, "Hey, what's the secret..." I used to do a series called habits of top achievers and I would ask them all of them the same question. If you could pick one thing, kind of like you asked me, that most led to your success, what was it?

Ron Carson:

And this particular client said, "I found the best people I could and I got the hell out of their way." It's easy to say, it's hard to do because we've built our businesses from the ground up. And we lament, especially I think my generation about, they just don't do it the way we did it. Well, that's a good thing. Embrace the difference, but really surround yourself with great people. And I'll steal a Jeff Bezos quote. A lot of times I disagree with my team, but I can disagree and commit. And I hope I'm wrong because that just means I made a really good decision in bringing that person into the organization.

Mindy Diamond:

So let me ask you a question. That's incredibly generous of you to share that and great information. You said you don't feel like you've worked a day in the last 20 years. Funny, I feel that way too. I love what I do. And I think that's an unusual gift. But I also know you work pretty hard. I think you're a guy who gets up really early in the morning. Tell us a little bit about that, what a typical day looks like for you.

Ron Carson:

Typically, I get up between 4:00 and 5:00 in the morning, I meditate. And I haven't always been big into meditation and I can't imagine... Like my day, there's times when I have grandchildren. So I had our grandson spend the night with us last night and so he's up and he's got lots of needs in the morning and so I wasn't able to meditate. But I meditate, then I work out and then I'm normally in the office for our first meeting around 8:00, 8:30.

Ron Carson:



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And then I have meetings, live life until 4 to 6 o'clock at night. But I also do that, I travel. Jeanie and I... I talked about that Michael Gerber meeting in Aspen. So I fell in love with Aspen going there clear back in the day when I couldn't afford to be there, but now we spend time in Aspen, we spend time in Arizona, we spend in Omaha.

Ron Carson:

The other thing we did as a couple and I would challenge people out there today, is you made a comment Mindy that said we're really blessed that we can do it. I think most people can do it, if they can't do it overnight, but they can start on a journey to get themselves in a position where they love what they do. And I've told all three of my kids, you do what you love, enough money will show up. Don't chase the money, chase the love.

Mindy Diamond:

Agree with you.

Ron Carson:

And also Jeanie and I scripted out the perfect year. This is back when we didn't have the money, is if money were no object, where would we live and when would we live there and what would our life look like? And we wrote that out. We were very detailed around it and we're living that, we've been living that for about the last decade, which makes it easier to love what you're doing.

Mindy Diamond:

Amazing. And thank you for sharing that. I will tell you without getting too woo-woo on this, that I am a daily meditator as well for probably the past six or seven years. It has changed my world. It was game changing. It was profound. I am infinitely more present, creative, joyful, successful, better mother, better wife, better boss, better everything as a result of it. So take that for what it's worth and I'm sure you'd agree.

Ron Carson:

And Mindy, you can't get woo-woo enough for me. I mean, as I've gotten older, I've been more open minded. There's a great book out there, I don't know if you've heard *Becoming Supernatural* by Joseph Dispenza? Phenomenal read.

Mindy Diamond:

I went to high school with Joseph Dispenza.

Ron Carson:



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No way.

Mindy Diamond:

I did. I grew up with him, yep.

Ron Carson:

That's cool. I think his stuff is amazing. And there's a lot of, I call it, woo-woo stuff, books, meditations that I do, retreats that I do, but I think that's also led to my business success. The more genuine, authentic self I've been able to be, the more zen I've become. And I was a hard charging drill sergeant, more out of fear and I think it's healthy. We're actually having a huge mental health thing tomorrow.

Ron Carson:

I grew up in a household where my dad was a terrible alcoholic, my mother was manic depressive. And going broke when I was in high school, I've run from scarcity for so much of my early years of my life. And because I was scared of having that happen to me, I was just not that happy of a person and so I demanded way unrealistic things, unrealistic expectations. But the more I got in into the self discovery... I tell our stakeholders this today and I love coaching people.

Ron Carson:

You got to be selfish to be selfless. Because if your personal cup is not running over, you don't have anything extra to give to others. And you do that and you get into the woo, the zen, but whatever it is that feeds your soul, you will find more business success from that. Scott Ford and I wrote a book called Sustainable Edge. And our whole premise was balance leads to growth, growth leads to balance, it's a positive virtuous cycle. Not only you can have it all, you should have it all. Because the more you have it all, the more impactful, the more results you'll get out of the life you want.

Mindy Diamond:

I agree with you a hundred percent. It's probably the biggest lesson I've learned in the last decade, is the more authentic I am, the more successful I am. And hopefully people listening can take that as well. I want to go back to the business for just a minute as much as I find part of the conversation fascinating.

Mindy Diamond:

You talk about getting from zero to 2 billion, from 2 billion to 3 billion and that in and of itself is extraordinary, this S-curve growth. But to get to 8.5 Billion, I'm wondering how much and soon to be 20 billion, how much inorganic growth or M&A and acquisitions played in it. So talk to us a little bit about how you became the prolific acquirers you are today and how to what extent inorganic growth fueled your growth.



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Ron Carson:

I think that's a huge misconception. Most of our growth has not been through acquisition. And we're just like in the last year, matter of fact, we're going to announce a deal. Well, I don't know if we'll announce it, we'll sign a deal here very soon and it'll be one of the largest acquisitions we've done to date. And we really just double down. We now have an M&A group and that's as of the last three months, we have eight people in our M&A group.

Ron Carson:

And that was really driven, a large part by Bain coming in saying, "You guys are missing a huge... I mean, it's incredible you've gotten to the size you have without doing a bunch of deals." Our organic growth rate has been really good. That's one of the things that attracted us to Bain. And really everybody we were in contact with, they couldn't believe our organic numbers.

Ron Carson:

I mean, we're winning today like we've never won before Mindy. And it really is as a result of all the infrastructure, the data warehousing, the tech configuration that we put in place over the last several years that allowed that. The great news about M&A is a lot of people do M&A first and then they try to catch infrastructure up later. We did it just the opposite. We did all the infrastructure. So now we got incredible scale and we could go to a hundred billion in size and it's very, very doable with the ecosystem that we've built.

Mindy Diamond:

So why should an independent business owner think about selling to Carson?

Ron Carson:

Well, you don't have to sell. Because I want to make it clear. You don't have to sell to be part of Carson, right? You can plug in to use our technology, but if you wanted to sell-

Mindy Diamond:

But if you wanted to sell.

Ron Carson:

I want to answer the question a little differently, is I can tell you that we're very careful about the community of advisors. One of our core values is giving it our all even when it's not convenient for us to do so. And that is not only true for my internal stakeholders, but it's also true for my partner. We actually have training going on today and this morning in our fitness center, I saw a bunch of our partners. And just seeing the camaraderie and the things that they're doing for each other is incredible.



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Ron Carson:

So if you want to be part of a community that gives it their all for each other outside of the core of what we do. And then you want to know that the value proposition you're going to offer today is going to be even better six months from now. And six months from then is we're committed to continuous improvement. And finally, we're not building this to sell it. We've publicly stated we're going to be a hundred year firm. I have controlled the organization.

Ron Carson:

This isn't about building it to sell off, this is about maximum impact. We can have local impact, national impact, global impact. And the people we're attracting are also very focused on the kind of impact we can have. But we start with the American retail client, I think deserves better than what they've gotten in terms of not only the planning, but the proactiveness and really thinking as I opened with this, thinking about things they're not thinking about.

Ron Carson:

And advisors wearing too many hats today. I wore too many hats. I was doing investments and trading and research and technology, HR. And if you take any one of those, it's a full... I mean, to be really good at it, you got to devote your life to it. So if you want to have an environment where you've got subject matter experts that I'll put up against anybody in the country whether it's attorney or legal or tax, tech, HR, we're the place. And you're not going to wake up one day and be owned by Goldman Sachs, I can promise you that.

Mindy Diamond:

There's so many questions going in my head. So one of them is that's the wide Carson. But how should an independent business owner, so somebody that let's say has a \$500 million firm, which is certainly a good size firm growing fairly well, has a great quality of life, let's say the principal is early 50s, let's say so probably has another 10 to 15 year runway or so, how should that principal think about the right time to either sell to a firm like Carson, to join a firm like Carson to be able to leverage its infrastructure and everything else that comes with it, or obviously to go it alone and continue alone and then sell on the open market at the end of the day?

Ron Carson:

I think it has almost nothing to do with age and everything to do with future competition. I'm sure you see a lot of the technology that is percolating beneath the surface. And a lot of advisors, that old saying is, I don't have to outrun... If the bear's chasing us on, I don't have to outrun the bear, I just got to outrun you. I think a lot of advisors look at each other going, "Oh, I'm as good as them and I'm as good as them and I'm almost as good as them, so I'm really safe."



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Ron Carson:

And that's what Blockbuster thought when Netflix right there comparing to the other brick and mortar competitors. In order to compete in the future, you're going to have to be delivering something that is delivered at even a higher level than we're delivering it today and using AI to... And I don't want to go too deep into this well so just give me a minute, to last year, we monitored 39 million of our clients' actions and behavior through our data warehouse.

Ron Carson:

We know when they logged in, what was going on in the market, what's going on in their life. You can start to build profiles to help really anticipate a client's needs when you have that kind of power. And then you lay that besides the data lake, there's a lot of the external things and you can pull information from that. You're going to have Amazon, Apple, Google, you name it.

Ron Carson:

And companies we haven't even heard of, they're going to be delivering, we call it single pane of glass experience where it's really simple to use, whoever removes the most friction and has the biggest, easy button is going to ultimately win. Amazon's a clear winner in retail. I don't think anybody's going to argue that. Streaming services, there's a handful of them out there. Google's a clear winner in search. It happened in banking, it happened in farming, it happened in tax and accounting.

Ron Carson:

The market's not going to pay for 50,000 compliance departments, 50,000 trading departments. It's just so inefficient and people think, "Well, I'm protected because I've got this or I've got that." That may be true for a little while, but the next generation, even though the baby boomers have most of the wealth, we're seeing influence by the young professionals as heavier than ever and they're open to looking at everything and it's going to come down to make it easy, remove friction and demonstrate to me that you're adding value beyond a doubt.

Ron Carson:

And I'll give you a great example in planning. We have a thing called life's moments. As advisors, we do a great job and we create all kinds of value through the planning process but at the end of the day, the client forgets and the advisor forgets all the great things they've done. So we've built into our experience, a timeline of all the key decisions we helped a client make so they never forget, we always remind them.

Ron Carson:



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But these are table stakes, or being able to flag a client on when they're about ready to change an objective that's not in their best interest because of their behaviors when they're going on the market looking at it. So back to that question is you really want to look to, are you big enough to own and integrate the technologies to give an Amazon-like experience for the future? And not only you, but the partners you're connected with because you can only go as fast.

Ron Carson:

You're only as strong as your weakest link, you can only go as fast as your slowest technology because that ends up really holding things up. And so the real question is if you're smaller, and I'm going to say under a billion in size and you don't know whether you want to partner or sell, I would sell today because valuations are super... I don't know if they're not, they could go higher, who knows? I didn't think they would get this high. Sell today or partner with a battleship with somebody that you feel you've got a connection, you're a cultural fit with. And here's what we tell people, Mindy.

Ron Carson:

When you join, I don't care what your effort and what your growth rate is, we'll double it. We will double your growth rate. But here's the most important piece, is not the growth rate, the fun factor, how much fun as an advisor are you having, truly having today? Are you ever dreading going in and having meetings? So we measure this.

Ron Carson:

Our average partner, when they're with us a year, we do a survey as what their satisfaction, what their profession was then versus a year later. Keep in mind, they've just gone through massive transformation. It should be lower, it's nearly 40% higher than when they started. It's all about getting rid of the stuff you're not good at, you don't enjoy and there's no way you can keep on top of all of it.

Mindy Diamond:

So let ask you a couple questions about that. I know that one of the things you mentioned that advisors wear too many hats. And I know you've got a strong point of view about advisors giving up the investment management end of things and that one of the requirements I think of joining the Carson, being acquired by Carson, certainly.

Mindy Diamond:

And I think also for joining under the 1099 option is that the advisors outsource investment management to Carson. Talk to us a little bit about that in terms of why you believe that is the case and how that translates. You said they're going double growth. So how are they going to double growth?

Ron Carson:



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How are they going to double their growth rate is they're going to get rid of... And first of all, advisor is PM and I can relate to what advisors were running through their minds. Because I was at Advisors, I used to be the secret sauce. I remember one of my clients telling me early on, he goes, "Ron, I'm coming to you because I think you're the next Warren Buffett." I'm like, "Oh my gosh, I'm not the next Warren Buffett. But if you have that kind of confidence in me, that's great."

Ron Carson:

Imagine a world where an advisor, many of them that are portfolio managers, they have no formal training. And let's just say you do have the CFA, now do you have the time? Because now you're going to manage the assets. And this is an important distinction here too. We're not saying outsource. When a partner joins us, they're part of our RIA. So they're not outsourcing anything. Our 56 people in investments and research become theirs.

Ron Carson:

So the message to their client isn't, I'm not doing this anymore, but I've been invited to join a Barron's hall of fame team. And now I have their research group. Because all of the options within our ecosystem come as a result of our partner saying, "I need this, I need that." And then we don't want to give people 50 different flavors or shades of chocolate. And then you go the next step. I love it when we compete against an advisor who says, "I'm a one man band, I customize all the portfolios."

Ron Carson:

Now I ask my client, how much time do you think they really spend diving in and getting to know exactly what they own and what are the other demands? And then some advisors say, "I customize all my portfolios for my clients." I actually had this conversation a couple months ago. I said, "Well, how many clients do you have?" About 150. And we do individual equities. And you've customized every single one.

Ron Carson:

And then I'm like, "Man, I mean, I know how much energy and effort goes into it." Advisors aren't very good at it. If they really look and measure themselves as to how they perform, now true, you can and have a period of dramatic out performance, but over a long period of time, believe me, I was one of those advisors that thought I had a secret sauce for a while and I want advisors to become librarians, not libraries. When you're trying to retain all that information, it weighs you down.

Ron Carson:

It's really powerful when you can say, "I don't know the answer, but I'll get my research in, I'll legal team, we'll get my tax team to get an answer for you." But I think it's important. People don't want to pay someone to outsource. The messaging is because which is true. And they go to their website, they



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see our entire investment, research planning. All of our professionals are now on their team and it's not an outsource, it's directly.

Ron Carson:

All the information is connected. All that information lives in that single source of truth, the data warehouse for the benefit of the advisors that join. Versus hiring a third party manager, no one really wants to do that. It's clunky, reporting's not great. Sometimes you can talk to them, sometimes you can't. That's not what we're talking about here.

Ron Carson:

And my theory was right because many advisors had grown to 3, 2, 500 million in assets, been there for a decade because they were dealing with, even if it was just a small percentage of their time and all these different areas of their company, they had very little time for new client acquisition. Once we removed all that from them and we gave them back their day, that's why their organic growth rate accelerates and that's why they're having more fun because they're only doing the things that they truly love to do.

Mindy Diamond:

So what other factors beside giving up investment management, freeing them to do other things, what else contributes to doubling their growth? I mean, that's a big statement that they will double growth, so what else?

Ron Carson:

Yeah, so we are not so supporting 10 different CRMs, we're not supporting all these different applications. Everything is converted into a single system. Our advanced planning team. You talk about where we're winning. I had an advisor last week, he brought in \$60 million of new assets and he's only been with us now for about two years. His previous largest week he had ever had was like 5.5, \$6 million. So they're winning at another level because they can say, "I'm going to bring my Omaha Group."

Ron Carson:

A lot of the smaller simpler planning happens at the local level. And we love to say... At Carson, we all talk the same language, but many of us have different accents. And so there's a local nuance on how to do stuff. But we want to help an advisor not have to think about all of those things and let them just focus on centers of influence, taking care of their existing clients and acquiring new clients and virtually everything else can be handled by our team. From technology to planning, to trading, to asset management, HR issues, you name it. It's attacks on the advisor's productivity.

Mindy Diamond:



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So I think that there are many advisors that would agree with that, but an equal number of many that would say, "I don't want to give up control." I like the fact that I get to choose and have agency over the CRM I use and every other aspect of my organization. And is it as simple as to say, then those people are just not a fit for Carson. How would you respond to that?

Ron Carson:

I would say that that's exact at Mindy. We know the recipe that works. And if you're going to spend your time deciding on which CRM to use and which one to evaluate, that's penny time. You're taking dollar time for penny tasks. It's not going to move the needle. I mean, really if it's Salesforce financial services, cloud or arc, is that going to make the big difference in your now? Not at all.

Ron Carson:

But you're going to spend a lot of time with updates and vendors call on you and should we make a switch and this isn't being supported or you have what Orange did last December about this time of the year. Oh, by the way, we're shutting down on 12/31, go sort out another solution. How disruptive is that? So yeah, for those that want to make those kinds of get in the weeds and be that granular with their business, they're not a good fit for us.

Mindy Diamond:

Let me ask you another question. Your 1099 model is what we would describe as supported independence. And that is probably the fastest growing and most popular version of independence. So an advisor who is independent minded, and I think I'm talking more now about somebody who's currently an advisor working as an employee for a traditional firm that's thinking about going independent, the choice for supported independence to be able to rely on an established infrastructure or a firm to get them from here to there to know what they don't know, to support a lot of the middle office and back office tasks is incredibly popular. What would you say?

Mindy Diamond:

I mean, there are many mega firms in the supported independent space that could say a lot of what you say. We have scale and we have infrastructure and we have capacity that you may not have. What do you think the single biggest or the top two or three biggest differentiators are about Carson's version of supported independence versus the competition?

Ron Carson:

So Mindy you're right. If you put 10 of us out there, we're all going to talk about how we do these things and we do them somewhere and it gets really hard in due diligence to know. And by the way, we think the deeper the due diligence you do, the better off you are. This is big decision so really do it right. Do site visits and talk to other people that have been there for a long time.



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Ron Carson:

And there's only one, there's to me, this can be... Or you can shortcut it and there's one massive shortcut and that is this, what's your organic growth rate? And you can verify this with custodians of giving them permission. Because they see all the ins and outs, right? And that is the only thing that really matters at the end of the day because that's what the retail client is saying about your value proposition.

Ron Carson:

So what Ron Carson's or my competitors is saying about the value proposition, the number that really should matter is what the retail clients are saying about your value proposition. And listen, there's going to be, I think [inaudible 00:42:38] said it, Hurley said it. I think they're right to say it at least 10 years ago that there's going to be 7 to 10 mega firms out there and I think that's probably right. It's going to be somewhere to the banking that we have today.

Ron Carson:

So there's rooms for nuances to do this differently. And I'm saying we have all the answers but I am saying we found a formula that is repeatable that's working really well that's doubling growth rates and advisors are having more fun than they've ever had in this business, quite frankly. But I'm not saying my competitors are seeing the same kind of results, but they're not having the organic growth rate we are, at least according to our custodians that we're all both that.

Mindy Diamond:

Yeah, no that's fair and I appreciate that totally. So I want to switch to topic of taking on an investor because not long ago, you took on powerhouse, private equity firm, Bain Capital, you mentioned it. So tell us a little bit about that decision to switch out one private equity investor for another and the timing of it, why then?

Ron Carson:

So I want to go back a little further and tell you why we brought private equity in the first fight. I was at a point where I owned a hundred percent of the firm. I knew that I really wanted to go for it in this space. I had this idea around partnership and that if I could deliver this value proposition, I thought it would be good. And I actually remember talking to Long Ridge, which was a great partner of ours in New York City.

Ron Carson:

And they bought into the vision. I said, "But here's what I need. I don't have an M&A department and I need someone to help us because some of these could have been acquisitions. It would've been



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technology acquisitions." And I knew I didn't know what I was doing in that area and I needed to professionalize the business.

Ron Carson:

If you go through this process of private equity, you end up knowing your business the best you've probably ever known it because sloppiness and you get all the i's dotted, t's crossed, you get everything in total alignment. Now you've got something where I can bring in other equity owners. And I brought in a core group of people that actually bought in to Carson at that time.

Ron Carson:

And Long Ridge, we had a fantastic run with. But quite frankly, we outgrew them. We told Long Ridge, we weren't looking for capital, we're looking for capabilities, but that was one of my big mistakes too. When they invested a conservable amount of money through our capital raise and we spent it all. Because all of the estimates I had seen via consultants on what it was going to cost to build were nowhere close to being right in both time and money.

Ron Carson:

And then with Long Ridge, we had really outgrown anything they could add and we were either just going to take them out ourselves or we were going to bring in another partner. And we did something like 21 fireside chats and then we narrowed it down to 10 and then we narrowed it down to four and then we narrowed it down to two. And I was very clear, this isn't about capital, this is about capabilities.

Ron Carson:

And I had every one of those firms come and present very specific actual ideas and what they would do and what they would advise us to do. We had the two that Bain and another one we didn't go with. We were blown away. We weren't thinking nearly big enough, we weren't nearly as creative. One great thing about financial services is if you are looking outside of financial service, see what's going on, which is, could be leading edge, but it's really fast followers.

Ron Carson:

The four fast followers outside of financial services that makes this leading edge inside of financial services because there's so many things going on that are so slow to really get traction with financial services like getting next year's newspaper today. And Bain blew us away. And we have four major initiatives we're working on today and I think Bain will... We will see an unprecedented growth. And they had never invested in this space before, we're the first wealth management firm they have invested in. They're the third, I believe third largest private equity firm in the world and so that relationship's off to an amazing start.



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Mindy Diamond:

So let me just point out. They invested in you in July of this year for a staggering valuation of a billion dollars. That in and of itself is extraordinary. I think the second thing that's incredibly extraordinary to me is that a lot of advisors when they are considering the notion of going independent, they're wondering who the acquirers are. So if I forego a big check today, a big transition check today, and I build an independent firm who will the buyers be?

Mindy Diamond:

The fact that the third largest private equity firm in the world was interested, not just in Carson, but in a sound wealth management space, a sound wealth management firm is extraordinary. And every day we're reading about top private equity firms investing in well run scaled financial services firms. So that's extraordinary.

Mindy Diamond:

So for you, the decision to take on an investor whether it be Long Ridge years ago or to switch out and bring in Bain now was about wanting to grow in a way that you couldn't then, you couldn't without them. What would you say to that same \$500 million firm, the principal of a \$500 million firm that's doing good things that's growing, that's got the choice at that point to either retain control and continue to do what they're doing and doing it well and eventually sell on the open market when they're ready to hang it up.

Mindy Diamond:

Whether they're looking to take on an investor, whether they're looking to join a model of supported independence to outsource a lot of the stuff that we just talked about, the middle office and back office stuff, whether it be selling outright to a larger RIA firm now or independent firm now, how would you counsel them to think about those options?

Ron Carson:

Let me go back to what I said earlier, the blueprinting process because I think so often we try to evaluate stuff in our life that's right in front of us versus going to the end and work backwards. So I'll go back to the blueprinting. I would ask if I were coaching that individual person, I'd say, let's go to the end and what success looked like for you personally with your family and professionally.

Ron Carson:

And based on what their answers were, would inform what kind of action they should take today. And there's lots of different ways to do it Mindy. I would caution though, on private equity, unless you of a certain size and I've seen this within our coaching group, unless you're of a certain size, you're not



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attracting a big A team, you're going to get a B or a C team. And a lot of times they don't know enough about your business to really...

Ron Carson:

So if it's just financial that you're looking for, that's fine. But if you're really looking for know how, you have to be a certain size to even have that option. So I think it's really around, do I partner or I just go it alone. And I think that's going to be a personal decision based on what your best life looks like based on what's important to you in the future.

Mindy Diamond:

And how about the decision around setting out to build an enterprise? Meaning not just to continue to grow organically, your own client base, but the notion of recruiting an M&A, and really building an enterprise. I mean, not many are going to build \$20 billion firms. But even an enterprise that has multiple offices, multiple locations, what would your thinking be or what would your advice be to that? Again, I'm making up this mythical principal to \$500 million firm who's thinking about he's in early innings and thinking about, do I want to stay as a boutique or do I want to build an enterprise? What's your thinking around that?

Ron Carson:

I think that people is the hardest piece of that Mindy. And I guess I was a total unconscious competent when I started down this road. I didn't realize how lucky I was being in Omaha. Nebraska. Cost of living is low, relatively speaking compared to the rest of the nation. We have TD large presence here, Securities America, we have Orion. I mean, if you look at our people, we have a lot of people that have come from those areas.

Ron Carson:

And I would do a real assessment to say, can I attract the people to actually do, regardless of money, getting people to buy? Because people have all kinds of options today. And I think human capital going forward is really going to be the biggest decision you're going to have to make and we at Carson we're already, I think we got something like 35 open positions here today. And we would rather have nobody in the position than the wrong person in the position.

Ron Carson:

So we could just fill it but we're really particular about how we put in it. But we're training the next gen. I would say if you can't identify where you're going to bring in your advanced solutions team, your operations and your partners and every coaching member we have almost is trying to hire somebody that they can't find. And so what's your strategy going to be for growing your own?



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Ron Carson:

Because I don't know how else you're going to be able to do it unless you're going to pay insane prices and does that really attract the kind of culture that you want to have within the organization? So I would do an assessment of people. And I've always, my entire life, I've kept the file as I meet people if I was super impressed, I would make a note say if I ever did something extraordinary, this would be a person I want to have on my team.

Ron Carson:

And when I went and did Partners, as I spent months making calls, so I really had an accelerated what I felt was an all-star group to help me pull this together. So getting the people right's going to be the biggest challenge. And that's where I would start with the assessment. If you've done the blueprinting and you say, "This is what I really want to go for now," the next step is to take an inventory of who would actually be part of that because you certainly can't do it a lot. You got to have a really top notch group of stakeholders to pull that off.

Mindy Diamond:

There are probably a million more questions I could ask you. But for the sake of time, I want to ask you where you think the industry is heading. The real question I want to know is do you think that the independent space will continue to be all the rage?

Ron Carson:

I do. We're early in the first inning of... You and I were talking before this started. I mean, you couldn't be in a better position where you're at. I think you got a amazing decade run and I think it's going to be massive consolidation and there's going to be major players that come into our space that we've never even heard of today. I think it's a matter of time before we have the clients have to pay differently than they've paid and that's a whole other debate.

Ron Carson:

But having to write a check for the fee, if all you're doing is asset management, I think that's going to be a harder check to have people write. I think the professional look a lot different a decade from now than it looks today. And I think there'll be a lot fewer players, but I think we're going to be doing really great work because of technology. And I don't believe technology is going to replace the advisor.

Ron Carson:

Technology is only going to allow the advisor to do our job better because people still... I'm a pilot. Listen, the plane can almost fly itself but people want to know there's someone sitting up there in the seat. Because in the case of emergency, the pilot's the only person that can really save the plane. That's



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true of a well-defined financial plan. Most of the time you don't want to oversteer it, but advisors need to use technology in order to deliver alpha.

Ron Carson:

And there is an alpha that can be delivered right managing consumer behavior. And it's still going to be a people business. I mean, there's going to be a segment that do it themselves and have a great digital experience, but I'm very bullish on the future of the human advisor.

Mindy Diamond:

But why would an independent advisor be better positioned for the future than an employee based advisor given the fact that there are going to be some massive disruptors coming to this space?

Ron Carson:

I don't know that they will be. This comes back to this individual... What's your individual path that you want? You may want to be a W2 because you don't want to work that hard. And being a business owner, you're always on, you always have things. I was having lunch yesterday with another advisor. They got a text right in the middle of lunch, one of their key people quit. Well, if you're a W2, you don't have to worry about that so much, right?

Ron Carson:

And so I think it really comes down to what do you want out of your life, I think you'll be successful on either, but I don't care if you're a 1099 or W2. Make sure you're on a battleship that's a battleship today that's committed, continuous upgrades and improvement to the value proposition that they're never... Like I always say we're pleased, but never satisfied, pleased with what we're at, but we've always got this insatiable appetite to do things at a higher, better level for the benefit of the people we serve.

Mindy Diamond:

I think that that's a very fair distinction. It's not just that any independent is going to be better or well prepared enough. It's got to be independent with the right infrastructure. And that choice about who to align with has everything to do with how does the advisor want to live his or her business life and is the choice of who they partner with the right choice as well?

Ron Carson:

Yes, very well said.

Mindy Diamond:



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Thank you. Good. Ron, this was just not only personally delightful, but incredibly informative. I mean, I could have gone on all day. So I hope you will come back again because we'll have conversations about how advisors to be charging. And you have lots of wonderful, wonderful wisdom based on real success that anybody would find helpful. So thank you very, very much.

Ron Carson:

Thank you for having me Mindy. And you're amazing. You've done so many great things to our wonderful profession and so just thank you for showing up every day.

Mindy Diamond:

Thank you. What a nice compliment. Thanks so much. The incredible journey that Ron shared is one that he feels anyone can accomplish, provided you have the focus and determination to create something extraordinary, plus, the ability to design repeatable processes and deliver exceptional client experiences. But I think what's most compelling is Ron's dedication to living his best business life, one that gives as much as it receives.

Mindy Diamond:

I thank you for listening and I encourage you to visit our website diamond-consultants.com and click on the tools and resources link for valuable content. You'll also find a link to subscribe for regular updates to the series. And if you're not a recipient of our weekly email perspectives for advisors, click on the articles linked to browse recent topics. These written pieces are an ideal way to stay informed about what's going on in the wealth management space without expending the energy that full on exploration requires.

Mindy Diamond:

Feel free to email or call me if you have specific questions. I can be reached by cell at 973-476-8578 or by email at mdiamond@diamond-consultants.com. Please note that all requests are handled with complete discretion and confidentiality and keep in mind that our services are available without cost to the advisor. You can see our website for more information.

Mindy Diamond:

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