



EPISODE TRANSCRIPT

Third Gen UBS Breakaway Finds Sanctuary: \$150mm in Assets and a Long Runway to Grow

It's a conversation with Tom Stadum, managing partner of Fjell Capital

Mindy Diamond:

Welcome to the latest episode of our podcast series for financial advisors. Today's episode is third-gen UBS breakaway find Sanctuary, 150 million in assets and a long runway to grow. It's a conversation with Tom Stadum, managing partner of Fjell Capital. 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. If you're 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 podcasts users, I'd be grateful if you'd give the show a review. Your input helps us to make this series better, and alert other advisors like you who may find the content to be relevant. And while you're at it, if you know others who are considering change, or simply looking to learn more about the industry landscape, please feel free to share this episode or the series widely.

Mindy Diamond:

In the spring of 2020, most advisors were in over their heads trying to figure out how they were going to manage clients in a world locked down by the pandemic. Tom Stadum was managing about 150 million in assets at UBS at the time. And while he was juggling the same upheaval that others were, it was also a big wake up call for him. That is, the wealth management world was going through an evolution like no other, and the thoughts he had already been entertaining about how his business needed to change grew stronger. So much so, that Tom dove headfirst into due diligence at a time when everything was virtual. And by August, he and his team launched Fjell Capital with platform provider Sanctuary Wealth. Tom is a third generation financial advisor. His grandfather started the business some 60 years earlier at what was then Piper Jaffray.

Mindy Diamond:

In 1992, Roger Stadum, Tom's father joined the family business and later became the successor. And Tom jumped on board right out of college in 2013. Just two short years later, Tom's dad signed on to UBS' retiring place program, what at the time was the precursor to ALFA, with Tom in line to take over the reins. As a young man still fairly new to the business, Tom admits it seemed like the only option at the time. And ultimately, he saw the program as a real opportunity for his dad to monetize his life's work, as well as the benefit of taking over the book and building the business. But UBS started to change over time, in ways neither of them were happy with. And Tom began to see how the industry landscape was evolving around them, with more exciting options becoming available seemingly every day. Yet, they knew that they needed to retain their focus on best serving their clients, regardless of the imperfections at UBS. That is until the time came when Roger fulfilled the obligations of the retirement agreement.

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And Tom realized one huge factor in it all. At not even 30 years old at the time, he had a really long runway to take advantage of the greater opportunities that existed beyond the walls of the brokerage firm. So in this episode, Tom shares his story with Louis, from following in the footsteps of two generations before him, and the changes he saw in the family business while at UBS, to how his business life has transformed in independence. And ultimately, the motivations that were so strong, that forged ahead through due diligence, and the transition in the height of the pandemic, plus much more. Tom is energetic and positive, and shares wisdom well beyond his years, with a point of view that both senior and next gen advisors can learn from. So let's get to it.

Louis Diamond:

Tom, thanks so much for being here today.

Tom Stadum:

Absolutely. Pleasure to be here, Louis. It's a wonderful day and glad to be here.

Louis Diamond:

Very good. So let's start from the top. Tell us about yourself and your background.

Tom Stadum:

Yeah, absolutely. So My name again is Tom Stadum, I own and run Fjell Capital. I'm a proud husband to my high school sweetheart. I have a lovely little daughter and another coming on the way here in a few weeks. And I'm a third generation financial advisor. So my grandfather started what is now Fjell Capital 60 years ago, we've had just an incredible run. My father took over from my grandfather in 1992. And I came on board to UBS in 2013 straight out of college and I signed the deal with my father in 2015 to buy him out and we founded Fjell a little over a year ago now.

Louis Diamond:

Congratulations on the upcoming birth of your next kid and on your new business. Let's talk back to UBS. Tell us about your business while you were at the firm. Describe your team, your clients, and how much in assets were you managing?

Tom Stadum:

Yep, so to start, we were managing about \$150 million at UBS. And if you were to pin me down and say really, who are we? We would consider ourselves just the next gen. So we represent... I'm 31 right now. I came on board, again, straight out of college. And our team structure at UBS was rather traditional in terms of I was a managing partner, I had a wealth strategy associate one of our dear friends and



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colleagues, Dan, and we split another CSA at UBS. But in terms of who we work for, we work with a lot of business owners, and we have some extremely long standing client relationships. We have some fourth generation clients. But really on the inside, we were always saying, hey, give us the new tech, give us what you got, we want to test it, we want to try it out. We want to leverage these amazing tools that people are creating to better serve our clients.

Louis Diamond:

You mentioned you're the next generation, are your end clients mostly next generation as well? Or does it more match the types of clients your father and your grandfather to work with prior?

Tom Stadum:

Yeah, that's a good question. We still work with probably 55 to 65 year old business owner clients. Those are our deal clients, those are the people we're bringing on board. And obviously, we have some younger clients. But in terms of next gen, when I really think about that, it's really how we work and how we're setting ourselves up today. For the millennial clients, when they do own businesses, when they do sell them, we're in long due to help them exit well, and then manage the liquid post sale.

Louis Diamond:

And I want to get to the ALFA program, which is UBS' succession planning program in a second. But before that, just a question about the transfer of responsibilities from your father to you as the next generation, and what clients thought as your father phased out of the business. And you are now the man in charge. And this is still at UBS. How did that transition from G1 to G2 go? Any sort of friction or issues with that transfer?

Tom Stadum:

Yes, our transition happened pretty organically. And one thing that I really appreciate about how my father and I deal is it was quick. So I was only working with my dad for two years. I was young, and he was old, compared to other teams around the country. So our transition happened pretty organically, where I just started picking up the phone and just really taking the responsibility because I knew I was on a short timeline. And I had to get this done. Well, I had to treat our clients well, I had to earn their trust. So our transition was pretty organic. And then once we signed our deal, and once my dad really started phasing out, there was of course a few clients that they just explicitly said we work with your dad and not you and that was that. But by and large, the vast majority of our clients stayed on board at UBS when my father transitioned out.

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Got it. And then how did the ALFA program which would be the industry equivalent to Merrill CTP or Morgan Stanley's FAP, or Wells Fargo Summit program, how did it specifically work? How many years was the buyout and how did you and your dad think about it?

Tom Stadum:

Yeah, definitely. So for us it was... Particularly for my dad, it was a great deal for him. So in 2015, this is when we really restarted and we were unique, where we actually could choose between UBS' old program and their new program. And there wasn't any difference for me, and it just worked out better for my dad to sign the old agreement versus what is now known as the ALFA agreement. So really, the structure was I mean, these are long term, it took us probably seven years from talking about it and ideation to actually "owning the practice" at UBS. So we signed our deal. And he had a couple year window where he was definitely slowing down, but had a few relationships he was managing. And then once the two year window hit on June 30 for him a few years back, he was done. And then I had another three years of an earnout in order to accomplish my end of the deal.

Louis Diamond:

You mentioned already that you thought it was a good deal for your dad at the time and now in hindsight, do you think it was a good deal for you as next generation?

Tom Stadum:

Yeah, so that's where the rubber meets the road here, right? So to rewind just a little bit, so my dad took over my grandpa's practice. He basically just got 100 accounts and that was the transition. It was a nine-month transition for my grandfather to my dad. So our deal was, there's a lot more structure involved, a lot more legalese involved. And I felt like I didn't really have any choice. That's an interesting component here where I think our deal differs from I think what we're seen in the marketplace today, where I didn't feel like I had a lot of choice.

Tom Stadum:

It was you want this, you just got to sign it. And I think the further I got along in the deal, and the further the industry progressed and UBS law protocol a few years back, that was a big deal to me, in my mind. And as time got on, I think I understood more of what the deal actually meant for me. So I'm incredibly grateful for my opportunity. But also, the more you work, the more you know, and the more I realized that, hey, there's some ramifications here if I do things wrong.

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Right. In hindsight, that doesn't seem like you had really any other option. If you wanted to take over the book and you wanted to let your dad have his exit plan, then you really didn't have any option. When you see things like, or when you saw things like UBS pulling out a protocol, or they announced a compensation plan change, or whatever the issue might be, but you're still under this agreement, did your thinking around like, okay, should I have done this? Did it change? Because at that point, you're locked in.

Tom Stadum:

It really didn't change. But I think what it did change for me was all right, what's the ultimate exit plan here? I'm still so young, I'm only 31. And I've always had this very long horizon, this long view of what we're doing here. So as these changes were happening yearly, I would just talk to Dan and say, all right, here's just what happened. And what are we going to do? How are we going to best position our clients and ourselves with this given change? So really, what those small chips away, I guess, is what you want to call it. We just said, hey, we can't do anything about it. But what we can control is, what are we doing for our clients? How are we managing our practice? What are we engineering to hopefully make it easy to one day transfer our clients out to a new firm which we've done, but that's really how we handled it, is all right, that happened, we can't do anything about it. This is a huge corporation but we can control what we can control and that's what we did.

Louis Diamond:

Yeah, I agree with you. So you had a perfect segue into the next question, which is just about the reasons why you left UBS in the first place? What was the build up of events or frustrations that led to your ultimate moment of saying, you know what, we're going to leave, then ultimately pulling the parachute back in 2020 to make the transition?

Tom Stadum:

Yeah, absolutely. I get this question a lot. This has been in motion for a really long time, not necessarily actually in motion but in my mind, and really in my heart for a long time. So when I got into the industry within a couple years, back in 2013, when I came, the bull market was roaring, we had an absolute enormous amount of wholesalers come into our office. And I would always talk to these people, hey, what are other people doing? Where is this industry going from the asset management perspective? And I was fortunate enough at UBS to be flown all over the country, and to do training, and I read the news a lot, listen to your podcast for a long time now. And I pretty quickly realized that, all right, there's another way to do this.

Tom Stadum:



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And it sure seems like the ball was moving towards the independence space. And from a market share perspective, we know that the independence space is the fastest growing area of wealth management. So I knew all of these things. And I was locked into UBS. So there really wasn't anything I could do. And I definitely didn't want to affect my dad's and mom's retirement because they were relying on this income. So I knew that, all right, this probably isn't the place for me, I have a 35-year-run at this thing, my dad had 25, I have 35 years. There was so much uncertainty working at a large corporation where I just didn't have a lot of control over and that uncertainty really led me out the door of saying, all right, I think I can build something myself with my team for my clients up here in North Dakota, in a way that a big company like UBS are just not going to be able to do. So that was really, I think, the uncertainty and belief in myself and my team that we could build something better outside of the big corporation than inside.

Louis Diamond:

Right, that was your extremely long runway that informed your decision, because it doesn't sound like you were super unhappy. If anything, you're probably relatively well served. It was more just about being prepared and seeing the handwriting on the wall and saying, hey, if I have 35 years, I have way too much time left to sit by and watch everything unfold. Maybe your answer would have been different if you were only going to work another 10 years. Do you think that's the case?

Tom Stadum:

Yeah, for sure. Definitely. Definitely. Before we actually signed our deal, my dad and I, we definitely had conversations with other firms and we just felt like all right, Dad, this is yours, I respect that. And if this is what we're going to do, by and large, this is what we're going to do. But yes, with the uncertainty and the timeline that we have, I felt like it was such a huge opportunity where if I didn't do this at this age, I would probably would have regretted not trying.

Louis Diamond:

Yeah, love it. So we had the honor of representing your team in its transition. So I'm personally familiar with your due diligence process. But for the audience, can you walk us through how you thought about due diligence and what it was that you looked at and considered?

Tom Stadum:

Yeah, definitely. So at this time, I would have considered myself a rather informed buyer, I guess, if you want to say that, and also a frustrated buyer. So I also knew enough to know that you just work with people who are not in your lane. So you, Louis, you do this day in and day out. And I knew that I understand the landscape, I've listened to all your podcasts. I see the deals on both sides of the fences and I just knew that I have to talk to somebody who does this day in and day out. And particularly in the



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pandemic, when the market was absolutely crazy, I never considered anybody else and I just called you. And then from there, what was really helpful is no, I didn't know what I didn't know, ultimately.

Tom Stadum:

So speaking with you, and really knowing and understanding the different places and what I wanted to do. So what we were able to do together is, I laid out, this is what I want to do, and this is what I want to build for my clients. And you basically said, all right, here's your options. And then from there, we pretty quickly whittled that down to Schwab and Sanctuary.

Louis Diamond:

Yeah, and you mentioned that in part, but I remember getting the call from you, I think it was April of 2020, the world is literally melting down, and you had the conviction and the confidence to say, I know this is the right time, even though there's uncertainty, I think it's the right time to seriously consider this, and then ultimately transitioned in August of 2020, which was still a time of great uncertainty. So everyone's heard enough about the pandemic, and quarantine, and all of that, but you truly were one of the first advisors who did a due diligence process completely, virtually, and transitioned at a really uncertain time. How did that come into your decision factor?

Tom Stadum:

Yeah, so one of the best things about being an advisor and following the markets is we, to some degree, just get paid to study these amazing companies. And I knew that out of the ashes, the amazing businesses are going to be built. So basically buy low, sell high, right? And so I knew that all right, we're in a low point, the world has structurally changed. And how can I build something out of the ashes of probably the biggest change in the wealth management industry ever? And so I knew that this was an opportunity. And thankfully, there's enough people around me to say, all right, Tom, this is a good idea. This is good for your clients. Let's just go for it. You probably remember this, I gave myself a pretty short timeline to make this decision. And ultimately, I think I was just a few days late, but we made the decision. And the rest is history.

Louis Diamond:

That's amazing. Do you think it made it more scary to leave during that time? Or were you just so ready, and you had such a clear picture of what you wanted that didn't really matter to you?

Tom Stadum:

I would say we definitely left earlier than I thought we would. If you're to zoom out on the timeline, I thought we probably left maybe a year or two earlier than I would have pre-pandemic. But again, great



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businesses are built on making bold decisions. And I was just like, this is our bold decision, Dan, we're going to have an ask, this is a scary time. Unfortunately when we left, pretty much all of our clients had been made whole from the losses in March, which is crazy. So I think our timing ended up being not quite perfect, but pretty close to it.

Louis Diamond:

Absolutely. You hit on it, Sanctuary Wealth partners, and Charles Schwab is your custodian, ultimately were on your business, and those are your partners as you went into battle, what was the appeal of these platforms? And let's start with Sanctuary, why did you pick them over anyone else versus starting your own RIA completely on your own?

Tom Stadum:

I was looking for... Was building my own brand. So I wanted to have brand equity in our community in the upper Midwest. And so having control over our branding was really important, and having control of our balance sheet, as well. So I knew that. But there were certain shops that just weren't going to be a fit for us. I want to do M&A. I want to build a bigger firm than what we are today. So there's a really specific need that we were looking for and Sanctuary pretty much fit the bill directly. And for us for Charles Schwab, there's really two options that we're looking at Fidelity and Schwab and we wanted to get away from the publicly traded company from a wealth management firm.

Tom Stadum:

So like my firm, I don't want to be connected to any publicly traded company, but from a custodian perspective, we really like that. And we like that Schwab has... They have scale, they have reach, they have amazing brand equity in and of themselves. Everyone knows Schwab. And for the most part, people really like them. So Schwab was a pretty easy choice for us. And in terms of doing it on our own, I knew that there's no chance we could do it on our own. So I think it was either somebody on your podcast or I was reading, who did it themselves and launched their own RIA with no support, and it took the guy two years or something. And I was sitting here wanting to do this sooner than later. And so I needed a team. And we needed a team and we needed the expertise to get out, and then to operate post resignation. And so Sanctuary fit the bill for us perfectly.

Louis Diamond:

Perfect. This is a question I've been excited to ask you. So a common refrain we hear from advisors is something along the lines of, I don't have enough assets to go independent, I only have fill in the blank, 50 million, 100 million, 900 million, whatever the advisor is, there's oftentimes a rationalization for why they're seemingly too small to go independent. For you, obviously, you looked at some of these mega RIA firms or even just some of your peers at UBS, with 150 million, it's a great book, don't get me wrong,



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but certainly not a \$500 million or a billion dollar book. How did you think about this? Was this part of your decision making factor at all? Or did it not really matter?

Tom Stadum:

Yeah, ultimately, it didn't really matter for me. I never really thought do we have enough assets? I understood what we were producing in Fargo here. And I probably understood the math and the economics of these practices, maybe more so than the typical wirehouse counterpart just because in my mind, been trying to build this out for four years. So I think I understood all right, what is rent cost? It's so simple. How much is rent cost in downtown Fargo and you do the math, you're like oh, okay, this will work in the variable link input cost. So I think you have to know the game you're playing, I tell this to my owner clients a lot, you have to know the game you're playing, and know it well. So for me with the 150 million, it's not like, yes, we have 150 million today, but I hope we have a billion in 10 years or 15 years.

Tom Stadum:

So really, this is just on a trajectory here and we just happen to have what we have today, and we're going to build it. So understanding the economics, and then just don't write yourself off. I was speaking to another advisor, a month and a half ago, he was telling me about his book similar to mine, and he was just a client generating machine. I mean, his ability to acquire clients was amazing. And I just told the guy, I was like, you're ready for this, go for it. You have everything that you can do, you're in a great city to do this. You have the skills to do this well, you should absolutely do this. So if I was bigger, I would do the same thing. Because if I had 500 million AUM, I'd still want it to be a billion.

Louis Diamond:

So it's about what you're building to your scale, it wasn't a catalyst for you to move when you did. And obviously, it didn't impact your decision to leave in the first place?

Tom Stadum:

Yeah, absolutely. And having that clear vision of what you want to accomplish is so important. And again, we have a clear vision of what we're building, and also just the favorable demographics of our industry. And we know that all right, the further we stay at UBS, the more deferred comp you have, the more they have you basically locked down. This isn't unique to necessarily UBS, but we know that the average age of the advisors are 55. And we know the baby boomers are getting older, they're retiring, there's going to be this tidal wave of assets transferring from baby boomers to millennials and Gen X as well as, there's going to be a ton of retirees building. So we wanted to leave where we're at knowing that we're just going to lay a foundation and then grow from there.



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Louis Diamond:

Yeah, love it. So now that you're independent, it's been now just over a year, what are the top three things you can do differently for clients?

Tom Stadum:

I will tell you, this is probably the question that I'm most excited to answer. These are things that I knew, but I didn't understand. I've had the privilege of speaking with a lot of other advisors since we left and this is always what I tell people. So on your own, when you own a corporation owned by you, all of a sudden, you have a balance sheet. And that means something in the world. So all these publicly traded companies that we buy, or managers own for our clients, we can in a sense, we have a balance sheet. And having a balance sheet and being able to make strategic investments is something that you don't know, until you know. And I pretty much remember the time is maybe 11 months or so ago when I realized that, oh my gosh, I have a balance sheet, I can do things. I can do things that you could never do at UBS.

Tom Stadum:

And just that ability to know that, hey, if we want to do M&A, if you want to buy real estate, if we want to make a strategic investment in something, we can do it because we have a balance sheet and banks will look at us differently. And the second thing is hiring. And this is something that is incredibly valuable in the independent space in a way that really the wires or captive environments, you just can't really compete on. We can hire the best talent when we want to. And I think when you look at the trajectory of these firms that people like myself are building, we might be growing much faster than a wirehouse, for example. And we can make strategic decisions on hiring when it makes sense for us. When you're W2, you can't necessarily do that.

Tom Stadum:

So the ability to hire great talent, and to really hire talent that's custom to your business, it gives you a huge advantage and a huge leg up from other types of capital environments. And finally here, this is hard to explain with words, the ability to create a really custom client experience is something that cannot be overlooked when you're independent. So the example I'm going to give you is our parking situation. So this sounds really stupid, but it really matters. So we have a parking lot in our building. So we bought a building in December and we have a parking lot. And at our place at UBS, we were in a rather large office building, we had street parking and there was snow in the winter time. When it's January, never come to Fargo in January, it's freezing. And a lot of our clients have large pickups or large SUVs.

Tom Stadum:



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So just knowing that my clients can park 15 feet from our door, knock at a parking ticket, those things matter. Great businesses are built on the margins. And being able to have a really customized client experience resonates within people. And that's just a silly example of parking, what the heck? But that actually matters. And it matters for who we serve. And that type of customization is something you can't really do unless you have control over the whole client experience.

Louis Diamond:

Yeah, I think it's a good example. It sounds trivial, but it's something that matters to your client, and you identified what it was and you're building towards it. How about for platforms and products, any gaps between what you had access to at UBS to now?

Tom Stadum:

I would say by and large, the products and platforms have been, I would say better. But it's a different experience. So there's been some things at UBS that are just not quite as good on this side of the fence. Now, the other side, we have our technology that we by far, love more. But I think what I want to tell to the audience here, and what I found personally is having the option to pick your own tech is something that is hugely valuable. We've seen the venture capital, private equity, these markets are just booming, and there's a lot of FinTech being created. I think this year alone, 20% of venture capital money is going into FinTech.

Tom Stadum:

So for us to be able to, if we want to, bring on new tools and new tech to serve our clients better and faster and cheaper, we're absolutely going to leverage that stuff. So having access to technology versus the technology itself, I actually think is the better way to look at it. And that's what I tell people. You have choices here, you have far more choices than in the W2 environment. But it leads to much better results because you can really customize what you're trying to accomplish.

Louis Diamond:

Right. And how about any downsides of independence?

Tom Stadum:

The downsides, if you're not careful, you can become isolated. And we work downtown, we have our own office building, and it's just me and my team. So I think the downside can be the isolation. Now, I quickly figure that out. And one of the benefits of being a part of a company like Sanctuary is I'm on the phone with colleagues all over the country. So for me, I'm very much a people person, I've always liked to talk. Talk shop, talk business, I've just connected with rather than going down the hall and talking to



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another advisor I just call up one of my colleagues down in Texas, for example. So that would be, I think the downside for me was the isolation. But we've remedied that with rather walking down the hall, we just pick up the phone.

Louis Diamond:

Yeah, that makes sense. And one of the benefits of platform like Sanctuary, is that community of advisors. Is that what you're talking about with building that network of people, even though everyone's running their own business?

Tom Stadum:

Yep, yep. Just being able to call and say, hey, what are you doing? How are you handling some of the unique aspects of independence, I think is very valuable. Because the skill set, I think to run these companies on the independent side, there's definitely a skill and it's much more managerial than what we had at UBS. So that's a lot of the conversations I think we have, it isn't so much regarding some sort of investment question or state or taxation, it's more of related to the newfound skill set that we're all building out running these companies.

Louis Diamond:

Right. It's a big transition, not just the condition of the business, but becoming a CEO from being an employee of a firm or a leader of a team.

Tom Stadum:

Yeah, totally.

Louis Diamond:

And part of the Sanctuary model back to them is that it's a shared ADV, you're on there, RIA use their broker dealer. Do you find that there's anything that you want to do for clients that you're not able to because ultimately, they're controlling the platform?

Tom Stadum:

No, not really. We haven't really ran into any sort of issue. If anything, Sanctuary is growing so fast. They have such an incredible model that they've just had to hire. So we've had, some issues of getting things done quickly, but they have themselves responded to their growth problems and how to remedy the situation. So we found that we can do anything, and it's been extremely refreshing, talking to compliance is, how can we help you versus the feeling of... And this isn't true, but there's much more of



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a captive feeling at the wirehouse versus here. So we've been able to do pretty much everything we wanted when we want it. And it's been incredibly refreshing.

Louis Diamond:

How about the clients? When you told them you were leaving, and it was a non protocol move, so obviously, it's a different set of conversations than if you're leaving from a protocol firm. But how did the clients take the news? What were some of their biggest reservations? And how did you help them overcome those fears?

Tom Stadum:

So the nature in which we moved, it's just predefined by the firm that you worked at. So my move and my team's move was just defined by what we had to do contractually with UBS. And we were incredibly happy to honor what our arrangements with UBS. And they were shocked and odd, but really, what we told them was, my grandfather, his name is Cliff. He founded the Piper Jaffray office on Broadway here in Fargo in 1961. We were a part of a small organization that was founded in Minneapolis, small. My grandpa knew all the Piper family, for example, and somehow we ended up at Swiss multinational and that's what we told them, and the clients they definitely got it. And obviously like going into this, we knew that not everyone was going to follow you.

Tom Stadum:

There will be some holdouts that surprise you, and there will be some people that come with you that surprised you. And that was 100% the case with us. There were some surprises to the good and the bad. But by and large, the people we wanted to follow us, they understood what we were doing. They understood that, this entire firm, we're designing it for you, for your family, and you are in the center of everything we do. And that really resonated with people. And we had no problems getting the people we wanted over and over.

Louis Diamond:

How much did your choice of custodian play into that?

Tom Stadum:

It was probably a bigger deal than we thought initially. But I think we picked our custodian pretty quickly, it was really between Fidelity and Schwab. And again, either one of those, I think are great choices for us. The custodian, just people knew about it. I always tell people, you want your money in the biggest house, the safest house and Schwab is near the top. They have so many assets, they're



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massive. And they can make the cybersecurity investments needed to keep money safe, and people definitely resonated with them.

Louis Diamond:

Perfect. And how is your lifestyle or your day to day change since going independent? Do you find you're working more or working differently?

Tom Stadum:

It is a completely different work environment. We really trimmed down our client list, when we came over here, we pretty dramatically shrunk our book to build the foundation to grow faster. So there's a lot more like you mentioned it, "CEO tasks" that happened. I think I think about this a lot differently. I think a lot more strategically, just as our team has grown so much. There's a lot more just managing people. But by and large, these are great problems to have. So I would say I'm working definitely more. But the type of work is different. And for me, I'm very entrepreneurial person, just in general, even before I did this at a number of businesses, and I just love it. I just love the work. I love the type of work. I still get to do what I did at UBS, but there's a whole other type of work that I get to do that I just love.

Louis Diamond:

Yeah, I think that's one of the most important things with advisors considering independence is, you have to know yourself, know what excites you, know what your strengths are, know what your weaknesses are, because most advisors would sign up for more autonomy, more control and a higher payout. But unless you're really focused and excited about being a business owner, and doing the things that you mentioned, there's likely other models that might make the most sense.

Tom Stadum:

Yes, yes. I'm with you wholeheartedly on that one. This is not for everyone. I mean, just by the nature of how many business owners as a percentage of the population, I mean, this is definitely not for everyone. But if it is for you, like it is for me, it's incredibly rewarding.

Louis Diamond:

Yeah, definitely. So let's talk about your inorganic growth strategy. So growth by acquisition of businesses, and recruiting like minded advisors, what's your pitch to advisors? And why would an advisor or a business owner want to fall under your practice?

Tom Stadum:



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Yeah, so this has been one of the more interesting areas of work that we've been working on. And obviously, Louis, we've had conversations a number of times on this topic. So just to lay the groundwork is, one of the reasons why we did what we did was we have our own balance sheet, and we can do M&A. So for us, that was a very much a binary option is if you can't do it, well, we don't want to bring our business to that particular company. So again, Sanctuary, the RIA model, this allows us, gives us the keys to do this. So what we've found, and this is so fascinating, again, something that I didn't really understand is not only have we built the firm that clients want to work with us, but we've also built a firm that other people want to work with us.

Tom Stadum:

So we haven't done any M&A deal yet, but what we're doing is we're just laying the foundation, we just got done with a remodel in our building and it's beautiful and we have lots of room to grow. So we're really laying the foundation for inorganic growth, and really getting our current business down pat and our processes, brand new material, our business model down to that, when we do go out to the marketplace, we have an incredibly attractive offer and a great culture, and a great vision for other people that they can see themselves in. And this is something again, you just can't do unless you have your own brand.

Tom Stadum:

So it's something that I'm extremely excited to do our first deal. Again, we're not there yet. But our offer to other advisors is we're young, we see the writing on the wall, we have just as long a horizon as you do. Would you rather do it at Merrill, or would you rather build it with us? And we think that there's just going to be a lot of opportunities for people who want to build, Fjell Capital themselves. And that's something that we're really excited about.

Louis Diamond:

Yeah. And I have to ask, how'd you come up with the name of your company?

Tom Stadum:

A little bit of a funny story, and my wife is involved. So we're Norwegians up here, right? So if you look at where the Norwegians are in the country, it's Minnesota, North Dakota and California. And the only reason those people, Norwegians are in California is just because there's a lot of everyone in California. So we wanted to name our firm, something that resonates with the clients of the upper Midwest. And so fjell means mountain in Norwegian. And it's really a nod to the legacy that those who came before us, that built North Dakota, that built this great state, it's a really a nod to them, because some of the people who... The homesteaders back in the 1800s, who came in North Dakota, I can't think of tougher, more resilient people.



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Tom Stadum:

Because winters in North Dakota are no joke. I mean, it can be -30 and blowing 30 miles an hour. And there were people here that sacrificed so much to build the community that we live in today. And we just feel that a lot of our clients as well are doing that for their family. So we just wanted to honor the people in our community by naming it something Norwegian and just a mountain symbolizes just strength and unity. And that's really what we want our business to be.

Louis Diamond:

Last question, if you could Monday morning quarterback, your transition, aside from the typical answer, which I expect you to say, I wish I did sooner, what was a piece of prep work, or just a bit of knowledge that you wish you had that would have either made the transition easier, or could have helped you avoid some level of frustration?

Tom Stadum:

Yeah, I truly feel like we... I wouldn't have done anything different. We did our transition by the book and I know that we lost some business because of our integrity and our character and how we transitioned. But that's something that we will always stamp hat on. So I don't necessarily have any regrets. Our timing where we actually got tripped up in this is completely out of our control was a few of our clients got pretty nervous about the election, and didn't want to move over for that reason. But by and large, I don't really have any regrets and when I talk to people about how they can prep for this, just like everyone who told me you and the people at Schwab, and at Sanctuary, just treat your clients right. Just do the right things, be smart about how you are building your business, have a vision for your business.

Tom Stadum:

And thankfully, we have a vision. We know where we want to go, we know who we want to serve, we know who we want on our team, and now it's just a game of execution. So that's what I tell people though, is just be organized, do the right things, get the right things done, and he'll be off to the races. And I have to say that, the last year, it's been one of the hardest years of my life, but it's been so fulfilling. I spend a lot of my life and I think a lot of people do, they live their life for other people. I'm a dad. I get home from work and I spend two or three hours with my daughter and I love it, but that's time spent with her and then you put the kids to bed and you spend time with your spouse. So a lot of our lives are lived for other people. And I told my wife this actually a couple weeks ago, I said the last year of my life has been so fulfilling.

Tom Stadum:



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This has personally been just one of the best journeys I've personally ever gone on, and I've been so stressed, I have way more gray hair. But it's been amazing. If you could ask me, Tom, this is where you're going to be a year after you leave, I would have said absolutely not. There's no way we would be where we're at, doing what we're doing. So it's been just the most incredible journey and I'm incredibly grateful that we have the opportunity to do what we're doing.

Louis Diamond:

Thank you so much Tom. You're genuine and you're heartfelt, and it's clear how much conviction you have and what you're doing for clients. So thanks for sharing your perspective with us today.

Tom Stadum:

Absolutely. Thanks for having me.

Mindy Diamond:

Choosing to move at a time when uncertainty abounded as Tom put it was courageous. But as he said, the handwriting was on the wall, and he felt waiting would only put his clients in business at a disadvantage. And it seems pretty clear that the time was indeed right after all. 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 to regular updates for the series. And if you're not a recipient of our weekly email perspectives for advisors, click on the articles link to browse recent topics. These written pieces are an ideal way to stay informed about what's going on in the industry 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 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. And again, if you enjoyed this episode, 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 the show a star rating and a review, that will let other advisors know it's a show worth their time to listen to. This is Mindy Diamond on Independence.