



EPISODE TRANSCRIPT

Trading Short-Term Gain for Long-Term Success: An \$850mm UBS Breakaway Story

A conversation with Barry Mitchell, Founder and Managing Director of Next Level Private.

Mindy Diamond:

Welcome to the latest episode of our podcast series for financial advisors. Today's episode is Trading Short-Term Gain for Long-Term Success: An \$850mm UBS Breakaway Story. It's a conversation with Barry Mitchell, the founder and managing director of Next Level Private. I'm Mindy Diamond, and this is the Diamond Podcast for Financial Advisors.

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

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Why do so many top advisors opt to make a change when things seem good enough? This is one of those episodes that answers that question and many more because our guest shares the quintessential narrative around considering change, due diligence, and the transition process. Barry Mitchell was an advisor at UBS who built an extraordinary business there. Yet as he describes it, he was feeling the pull of entrepreneurialism, a world where he could serve as a true fiduciary to his clients without the conflict of interest inherent in the big brokerage world, a world in which client minimums are the advisor's choice and not the firms, a world free of the limitations that barred him from marketing as he wished, and building a real community around being a financial advocate as opposed to a financial advisor. So in 2021, Barry and his team left UBS to launch Next Level Private, an independent firm that he built from the ground up with support from a team of experts as he puts it, from their custodian Pershing, as well as a cast of other partners well-versed in the transition process on through to building an RIA firm.

And in full disclosure, Diamond Consultants is proud to have served as his guide through the due diligence and transition process. So in this episode, Barry answers many of the questions advisors have around considering change, such as why was he willing to mess with success? Why not opt for an outsized transition deal from another big firm? Why independence? What was it like making a non-protocol move? How did his clients respond? What about portability?

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

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And much more? Plus, Barry shares what his business life is like today, his plans for Next Level Private, his thoughts on succession, and much more. It's a conversation that offers a candid perspective from an industry peer that once had many of the same questions as you. So let's get to it. Barry, I can't thank you enough for joining me today.

Barry Mitchell:

Thanks, Mindy. I can't thank you enough for inviting me to join one of your podcasts.

Mindy Diamond:

There's a lot I would love for you to share with our audience, so we're going to jump right into it. So let's start at the beginning. Tell us about yourself, your professional path to launching the RIA Next Level Private that you launched in September of 21.

Barry Mitchell:

Well, 37 years ago, graduated from college, I got a job in what I affectionately call the retail side of the business when all my buddies started on the institutional side at Merrill Lynch. Got licensed, learned how to cold call, learned how to service clients, learned how to bring in business. And due to change in the industry, and that I think is probably the most heavy constant that we know of, I ended up moving from several firms to several firms. A couple of those were a mistake, and I found myself making a move from Merrill Lynch to UBS in 2011. I thought at the time, it was serious consideration starting my own independent firm, but I didn't really know what that meant. I wasn't ready for that on so many different levels. And so I went over to UBS and continued to build my career.

And somewhere down deep, there was that entrepreneurial, I don't know, pull or pang and something kept hitting on me to, "Barry, you should look at doing this on your own independent firm with the unbelievable team you built so far." And so several years before we actually put it in place, I did a tremendous amount of work. And if that's any advice I can give anybody listening to this podcast is just like anything in life, you have to do the work. I can't tell you how many dinners I went to. I didn't want to do anything between nine and five because I was working at UBS, but I went to some different dinners from time to time, and met people, asked people questions, weekends, podcast, read everything you can possibly find on the subject on breakaways or independence or hybrids.

And truly I learned the industry. I knew the wirehouse industry. I was in that for approximately 35 years. I did not know the other side. And by doing the work, I felt comfortable with the decision that we made to launch in September of 2021 Next Level Private. And it's been just an amazing ride so far, an amazing success. And I can honestly say I have never ever had more fun.

Mindy Diamond:



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Well, that's awesome. And I want to spend a good percentage of our time talking about why that is, why that level of enthusiasm that is palpable is there. But let's give our listeners some perspective first. So tell us just quickly about your business in terms of assets under management, types of clients served, et cetera.

Barry Mitchell:

Okay. So we primarily work with individuals, their families, their businesses and plans around an individual like a 401k plan for a company that one of our clients might own or be a senior executive at. And at UBS, we had approximately just north of \$800 million, we topped out at \$850 million worth of assets. We were doing north of \$6 million in revenue when we left the firm. And I would say we were having a tremendous level of success. And the question is, if it was so successful, why did you leave? And the very simple answer is we didn't leave UBS, I guess technically we did, but we actually started something new. And it might be a fine line difference between the two, but it's very different as far as I'm concerned, because we went to something.

This pushes and pulls in life, we weren't pushed. We were pulled to this entrepreneurial new firm called Next Level Private, and we were going to build starting in September of 21 with these individual clients what we call regular successful people. We're not working with the ultra-high net worth individuals. We have wealthy clients. I'm not saying we don't. Primarily, we are not focusing on minimums and how much money somebody has or how much revenue we can generate from any client. We went to a place, Next Level Private is a place where we didn't think we knew we could build a community that was based around financial advocacy and financial literacy. We don't call ourselves financial advisors, we call ourselves financial advocates. And that's the community we wanted to build with the right people, once again, who I say are regular successful people like my parents and the parents of everybody on the team, all regular people.

And most of the people, just about every single one of them really appreciates what we do for them. And really, it's a way of life for us and it's really been exciting. There's been some frustrations, nothing's perfect. I'll let you know when I get there, but I would say there's a lot less frustrations than I had at our previous firm, and not because they want good people and trying to do the right thing, it's just different and it's totally liberating. It's pretty cool, Mindy, I'll be honest.

Mindy Diamond:

I love it. So again, there's a lot to unpack in what you said. The first thing I want to pick up on is your comment that it was less about pushes, meaning less being pushed by massive frustration. And the decision to move was more about a pull towards something better to building something you couldn't where you were because you had entrepreneurial DNA that wasn't being satisfied. We talk with the advisors were privileged enough, you being one of them to work with, about that all the time. So we're going to spend time in a little bit talking about what some of those



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pulls were, what was it about independence that was so exciting to you. But I'd love it if you tell us, what was going on at UBS prior to your breaking away? What were some of the pushes or limitations you might've been experiencing?

Barry Mitchell:

I think it's all intertwined, Mindy. I think a lot of advisors, there's some things that anybody is just going to get frustrated on. And if you ask a lot of yes, no questions in life, and I always tell my kids, "You got to be comfortable. You don't have to like, but you have to be comfortable. If you ask a yes, no question, no could be the answer." Right? And you gave the person you're asking the question the option to say no to something. There were more nos than there should have been or needed to be, I would say. But it was really about who we wanted to work with. And you see with the wirehouses across the board there, you have to have so many dollars in assets. If you're under a certain minimum, you don't get paid, or we don't want you to bring those clients in, or you got to get bigger clients. And tongue-in-cheek, I can be a wisenheimer from time to time. I would say, "Really? I need bigger clients. How big six, five, six, seven?" Dad joke there.

But the reality is I didn't want to be in a world that I was judging people by the money they had. I wanted to work with people who I was judging by the impact they were making. And interestingly enough, some of our clients with lesser assets are our biggest advocates and world-class people that I just absolutely would run through a wall for. And I did get sick and tired a little bit of trying to explain why I wanted to bring a small client on from time to time, but they pretty much left me alone until I was having a review. And then I would always be told, "You need bigger clients," kind of thing. And those are really the only kind of call them pushes, but it's really about the pulls, Mindy.

And one thing I always had consternation over, borderline embarrassment over, when somebody would ask me, "Are you a fiduciary?" And like every other listener on this podcast that is at a wirehouse, I would contend just about, if not every single one of them, tries to put their client's best interest first. But the reality is the answer to that question, "Are you a fiduciary?" The answer was no. And then, "But I always put your best interest first." It was always a tap dance afterwards. The answer is no, you were not a fiduciary. And the reason is simple. The people that run those firms are a fiduciary, but not to the advisors, not to the clients, but to the shareholders. They're public banks. And so there's a conflict inherent, which is why the industry spends so much money to separate the brokerage standard or the suitability standard from the fiduciary standard. That was the first thing.

The second thing that was really a pull is when you work at a wirehouse and you have a team, even if you're paying the team, everybody's W2, the team technically does not work for you. They work for the company. And all reviews and bonuses from the firm were coming from people who didn't really even know what they were doing on a daily basis. And the folks like the Barry Mitchells or the lead advisors or the team leaders are generally treated very well. And I



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was treated extremely well at UBS. I love the people at UBS, they're my friends, and some of my friends are from Merrill Lynch. But the reality is the employees don't work for you and they're not always treated as well. And so they do all the work. Now dirty little secret is I do a lot of work, I work a lot, I work hard, but they do all the planning, they put the plans together, all the administration, they work tirelessly.

And now as our own company, we could put plans in place and programs in place that we think are the best things and we can be collaborative with them and ask them what's important to them. And we put, obviously, a 401(k) with a safe harbor in immediately, we put a profit sharing and a cash balance plan immediately first year in business. That was important to them. I gave them all these different things. There's only so much money to spend, obviously, but we gave them opportunities to do that.

And the other thing is all you can do in the independent world from a marketing and a growth standpoint, for so many folks on your different podcasts, Mindy, talk about they can do videos in LinkedIn. There are scores and scores, and offline, I'm willing to talk to anybody on some of the things that we do that we were limited from the wirehouses. Now, I understand why they limit, but you're still limited with things that are well within the rules, I'm not talking about gray area stuff. We live in the black and white. And we can now do those things that are so conducive for client experience as well as client growth. We knew that we were ramping up on a project here. I didn't go to management to be told there's a hiring freeze. We just hired somebody, right? It's our business. We made that choice.

And so those are the really three main reasons why we went on our own. And I think the team's having fun. We have a team song every year. Sounds silly, but we have fun with it, we laugh at it, we play it in the office, and the team really picks it. I picked it this year for a couple reasons, but generally speaking, the team usually picks it and we have fun with it. And that's how I look at what we're trying to do here. I don't want people to go to work. I want people to go to something that's a way of life. And it's a way of life for me, the same way, Mindy, what you do is trying to educate us and help us in the financial advisory world get into a better place. That's all I want to do. And so I spend 100% of my time trying to figure out how we can do that for clients and the team.

Mindy Diamond:

So thank you for sharing all of that. When you list those things, what I think about, if I lump it all into one category, it's the notion that what you wanted was more freedom and control or agency over your business, you wanted the freedom to take care of your employees better, you wanted the freedom to market, you wanted the freedom to choose the clients you wanted to serve. So when you think about those things, you mentioned the point that you were doing incredibly well. There was a lot of success. And the note I just wrote on my paper was, so why mess with success? How impactful were those pushes, those limitations or how impactful, said the other



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way, was the desire for more freedom and control? How impactful was it that it made you willing to mess with success?

Barry Mitchell:

Mindy, I went to a seminar way back when that Merrill Lynch was putting on. And one of the speakers, it was one of the growth seminars. It was more than a seminar. It was a couple days event. There is one we stayed at a hotel in Florida, where you notebook and then they brought experts on. I forget the gentleman's name. He was the lead professor of philosophy at Notre Dame. And part of his presentation, and I'll never forget it, he talked about climbing a mountain that you don't think you can climb, which is what I did. Or you had second guesses or you were concerned that you might not be able to climb. And you climbed it and you got up to the top and it was the highest mountain around and you took a deep breath and said, "I made it. I did this." And then a big wind came out and blew out this whole fog that was between you and the next mountain, and the next mountain was twice as high.

That's how I felt. Yes, we were successful. I've never looked at myself as being successful, but I guess in the metrics of Wall Street, we were. I was successful in the fact that some clients had been working with us for over 30 years. Some clients started cold calls back in the 90s when I was at Oppenheimer & Co, and they were still with us and their families were still with us and their kids were still with us. But it was more about what's next? I was 57 at the time, or I guess I was 56 when I left. And what's next? I'm young. And they kept asking me about doing the ALFA program, I think it's called at UBS. It's the ALFA. What you mean ALFA? That means I got to leave? No, I want to have fun. What am I going to do? This is my life.

And so that's when I started thinking and listening to my gut about where I was going to be the next 10 years and 15 years. And by the way, the world's changing. And I was on the FAAC at UBS, and so I saw the changing going on inside, not from a bad perspective. Senior management, it's their job to be more profitable and that's their way of life and that's what their fiduciary is to the shareholders for. So it was more about what's next? My favorite The Who's album, I'm a big The Who fan, Who's Next, right? What's next? And after I did the work, by the way, I did not think I would be totally independent when I started the process.

Mindy Diamond:

Let me ask you about that, actually, because that was going to be my next question. Were you so entrepreneurial, whether it be in 2011 when you first toyed with the idea of going independent or in 21 when you actually, or let's say in 20 as you began the due diligence process, were you so entrepreneurial that it was independence or bust or had you looked at other things and decided that independence was the best way to go?

Barry Mitchell:



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So I basically... And, Wendy Leung on your team was amazing. She marshaled me, which is very difficult to do through a process of education, and I go back to do the work. I'm not going to go into where I thought I'd be and what the structure looked like, but I will say it is vastly different than it is today. I had a relatively sizable commission business, I can't give that up. And we had an annuity part of our practice, can't give that up. There was a lot of things we couldn't give up. And by the way, I've given them all up and we're significantly more successful because of it. But I had to do the work and work through the process and there wasn't a major service provider we didn't talk to.

And by the way, we talked to other wirehouses. And I can't tell you how many cups of coffee and dinner I had during the evenings. We were not empty nesters yet. So my wife didn't want to totally kill me, but I was out every night or a service provider in the industry trying to understand it was on the other side. And there were so many things that I was convinced I knew I was dead wrong on. And so that's my suggestion. That's why you have to do the homework.

Mindy Diamond:

And what were you most wrong about? You said, "Things I went into this process with assumptions I was dead wrong on." What were you most wrong about?

Barry Mitchell:

I was most wrong about the level of support I thought I needed. I just pick up the phone. I'm at Merrill, I'm at UBS, I was at Morgan Stanley before that. Just pick up the phone or walk over here. Just pick up the phone, you call somebody. It gets done. You do a fair amount of business, they call you back and they get done what you need to get done. I need that. I thought I needed that. I need to have this big chassis behind me. I need a partner.

Mindy Diamond:

And so what's been the reality?

Barry Mitchell:

The reality is we have that with our custodian, we have that with our reporting and trading platform company, we have that with our planning capabilities, we have that through all the vendors. And candidly, we're more important to all the vendors because we're not one of, I think at UBS it was 7,000 advisors or 15,000 at Merrill. So we have all the support that we need. The ecostructure, I've heard on your podcast so many times, you talk about the ecosystem. The ecosystem about third party partners or applications that you need for your tech stack, they're amazing people and some are just trying to sell something. I'm not going to pretend that everybody's perfect out there. They're not. But there are so many people out there that want to come in and sit down and try to help your business become a more successful business. So by the way, they're more successful when you're more successful.



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We use Black Diamond for our accounts and our reporting and our trading. The more accounts we have, the more they make. Of course, they want to help us. By the way, I thought we would go Fidelity or Schwab and they were great offerings. We chose Pershing for a whole litany of reasons. And Pershing, they were here for three hours on Tuesday morning trying to figure out ways they can be a better partner and we could be more successful and how we could have more time back on our hands. Now, truth be told, the more success we have on those things I just mentioned, they'll end up making more money. But they're looking at it from the right way, not just, "How can we make more?" "How can we help them so they can generate more so we make more?" You end up in the same spot. It's just a different paradigm and a different way to look at the world.

Mindy Diamond:

So let me ask you a question. You say that you looked at other wirehouses before you decided to go independent.

Barry Mitchell:

Yes.

Mindy Diamond:

How did you feel about or how did you reconcile leaving behind the possibility, the opportunity cost of being paid a really aggressive transition deal?

Barry Mitchell:

Well, one of the regional managers who's a friend of mine at a firm, and I will not mention the firm, told me he was going to call my wife and tell him how much money we turned down. And I said, "She knows I talked to her about it." And so I had no problem turning the money down. And by the way, I left a bunch of money in UBS's deferred compensation plan when the stock, I think, was under 15 and it's almost 30 now. So anybody who wants, they can do the math on how much money in theory I left behind. Well, not in theory, in reality I left behind.

But let me answer the question why the conversation stopped in every scenario is because I did not believe I would be in a better situation, just different variation, different flavor of the same. The only difference would be that I was going to get paid a boatload of money and I was going to have to ask my clients to move to something that was essentially the same with different flavors around the outside that they're not necessarily benefiting from. Right now, I'm 57 or 56 at the time and I'm raising kids, I'm trying to teach them the right value. Shame on me if I'm moving for a check. I made those mistakes.

By the way, I moved for a check early in my career and almost ruined my career. So I know that you can't move for that reason, I made all those mistakes. I was not going to put myself in a position where I was greatly compensated. You're going to take all my creative thinking out of



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the equation and some of those creative ideas turned out to be really bad ideas. So I got it and waste of money, but that's okay. You learn from your mistakes more than your successes, I believe. And so I just said, "I'm not taking the money. I have to look myself in the mirror every day."

All right. So if you're a top advisor, you make plenty of money. Stop looking at the money, start following your dream, figure out what you want to do, where can you be impactful on this earth? You're only here so many years. Coming up on 60 this year, we all have friends that are no longer here of the same age. No dress rehearsal. So, Mindy, I'm really very passionate about that because it was a lot of money and you can do the math and figure it out how much it was, and just didn't feel good.

Mindy Diamond:

Barry, we talk a lot with folks, and I know Wendy and I talked with you about the notion of doing what's soulful. And what you're talking about is while it would've been nice, nobody passes up a boatload of money without giving some thought to it. But to you, doing what was soulful, doing what felt right, and the freedom and agency to have the freedom and agency over your business in a way you wouldn't have if you took a check from another major firm was most important to you. Does that sound right?

Barry Mitchell:

Yeah, but let's not discount how important my clients are to us, and moving is putting clients out. I'm not going to pretend it's not. They've got to get used to new onlines, new systems, new statements, new everything. And so I had to take their thoughts and their considerations into the conversation. And if I made that move for that money, I still didn't solve need number one was to actually answer the question, "Barry, are you a fiduciary?" The answer is yes.

Mindy Diamond:

Right. Barry, let me ask you a question about that because you've mentioned it twice now and I think it's really right. You said it, most wirehouse advisors think of themselves as a fiduciary. And whether they are held to that standard or not, they always put their client's interests first. And we get asked all the time, they just don't really understand what the drumbeat is about being a fiduciary. Could you give us an example of a client who might've said to you, "Are you a fiduciary?" And you felt uncomfortable in having to answer no. How did that work while you were still at UBS?

Barry Mitchell:

The answer was I felt tremendously uncomfortable because the answer was no. And being defensive in anything in life is never a good position and you're generally not at your best when you're defensive. Once again, something I've tried to teach my kids. I always felt I needed to be



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on the defensive even though I didn't want to be trying to explain that, "No, I'm not technically a fiduciary," and I always, "But I do this, but I do this." We always do those kind of things, but the reality is I'm not. And I'll give you two really quick examples on how and once as a fiduciary, it behooves the client. Just very basic examples.

One is you have to almost jump through hoops to make sure that your clients are being paid the right interest rate or the market interest rate on their cash balances. The sweep accounts, and you have to have so many in this and so many dollars in this, and it sweeps up to a tier two and tier three and all that kind of stuff. In the old days, the old Merrill Lynch CMA days, you used the money market, but everybody's now a bank. So then now it goes into the bank reserve program and we all know how that works. Our sweep is automatically into a money market that currently yields 5.21%. We can use outside money markets that yield higher than that and we do. If it's my money, I want the market rate. And now I just talk to a client that's north of \$50,000 a year based on how he keeps moneys around on just as money markets or his cash balances, real money. That's more than he pays me. That's one scenario.

The other scenario is the mutual fund share classes. In many of these programs at the firms, there are advisory shares and some are institutional shares, but many of those share classes are advisory share classes. And what I didn't realize is I thought they were the best out there because it's an advisory account, so I assume it's going to be the lowest share class, which I didn't realize until I was doing the homework. There's actually share classes lower than those. So on average, our book of business saved, I think the number was nine basis points of expense ratios. All that meant that was distribution fees that were no longer going to a firm they were staying in the client's accounts because they were institutional share classes in many circumstances. So those are just two ways as a fiduciary that, us being a fiduciary, our clients benefit.

Mindy Diamond:

Thank you for sharing that because I think you made what is often transparent. So thank you. I want to ask you about your due diligence process in coming to the notion of making a move. We are so incredibly grateful as you mentioned Wendy is a rockstar-

Barry Mitchell:

The best.

Mindy Diamond:

For sure. I couldn't agree with you more. But so grateful for the opportunity to have represented you in your transition. So what most impacted your decision to work with us? So you said you had been taking meetings and having dinners. I know many of those we arranged, but you said that you'd been a student of the industry for a long time. So what is it that made you reach out to us?



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Barry Mitchell:

Three things, I would say. One, I met you, I liked you immediately, I trusted you. Two, Wendy was a tremendously nice honest person. And three, she was tremendously knowledgeable and you had demonstrated expertise around the industry. Wendy gave me questions to ask I would've never thought of. I thought of so many different things that I uncovered in your podcast. I actually had a five subject ring notebook on my desk. Every single day that I was home and I didn't fall asleep in the evening, I would listen to one of your podcasts and take notes and I did the work and I did the homework. And I would always call Wendy back over the weekend, ask her. We always set a time, we tried to be respectful. Wendy was not always exactly when we wanted to, but she always made herself available and answered the 227,000 questions I asked her.

And I would not look back your organization's expertise around independence, and not just pure independence, the whole, whether it's a hybrid, whether it's the broker dealer model, whether it's, what do you call it? Supported independence or it's with one of the service providers or pure independence that we went to. And by the way, in the brokerage channel, the broker dealer channel, there are so many of the well-known companies, which I will not recommend today, that now have independence channels and she did a great job on that front. But the expertise was amazing. Wendy also set up all the calls with all the consultants that I was going to need for the expertise to set it up for myself so then when I did make a transition, which is where you're going right now.

Mindy Diamond:

I am so grateful for that because that is who we are. This is an unpaid advertisement. So I thank you for that, for sure. You won't get an argument for me. Wendy is spectacular. I am thrilled that your process went as smoothly as it did and that you had such a good experience working with us. I do want to ask you about the transition. So UBS is a non protocol firm. How did that inform your transition process? Did it scare you that you were making essentially a non protocol transition?

Barry Mitchell:

No. Did cause us to be probably even more within the boundaries of what you could or could not do. So I think in a transition, our consultant, there was information that they'd want to advance and we went blind. My belief when we went blind, we took nothing with us because you can't. We didn't do the silly things, people take snapshots and stuff. I saw something in advisor hub. So we were using iPads and stuff. We didn't do any of that stuff. We left. We tracked people down. And a lot of our clients are actually friends of mine that we've been friends for years and years and years. So it wasn't hard to find our clients and we put something out on LinkedIn after we left making an announcement. And from a transition standpoint, we just went one client at a



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time, explained what we were doing, but I had the belief that if people didn't come because I didn't tell them ahead of time, then they don't come.

Mindy Diamond:

Right. As a fiduciary, you are prohibited from telling a client in advance and you're saying you followed it by the letter of the law. How many clients do you have or did you have and how many did you have to track down?

Barry Mitchell:

Just over 300, I would say.

Mindy Diamond:

I asked that question because, obviously, someone who's listening that has 100 clients, it's easier to track down 100 clients than it is to track down 500 or 1 client 1,000. So the number matters. But essentially, it sounds like you were so committed to the notion of moving, and that protocol or not didn't stop you.

Barry Mitchell:

No. And then as I say, if clients chose not to come... I think one client was annoyed that we didn't tell him ahead of time and whatever. He didn't come.

Mindy Diamond:

And how successful was the transition? What percentage of your clients from UBS came with you?

Barry Mitchell:

I think all, but five or six that we wanted to come didn't come.

Mindy Diamond:

Did any of those, either the clients that didn't come or even the ones that wound up coming, what concerns did they have or express to you as you pitched your new firm to them?

Barry Mitchell:

Who was Pershing? We had some education. They had some nice brochures which discuss who they were. And then BNY Mellon, I think their custody, \$25 trillion worldwide. Now, Pershing doesn't. I think Pershing's got... So they wanted to be comfortable with the custodian and I think just about everybody was. And fairly, "Barry, your Next Level Private now. Are you going to make it?" And what does it mean to them if you don't? And so it was just an education process. And we're an advisor and we're not the custody bank. So if we did not make it and we



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have more than made it and we're well over the hump, but if we did not make it as a going entity, the question was what happens to our assets then? And they were still held at Pershing.

Mindy Diamond:

The notion of your clients following and what might've concerned them, how much did that concern you before you moved? And the reason I ask that is because the number one thing that anyone considering change going independent or not, it's not about independence, it's even a move from UBS to Morgan Stanley, is how do I know my clients will follow? So how worried were you about that and what other things were you worried about the most?

Barry Mitchell:

I was not at all worried whether clients would follow. If clients don't follow, it's because they're not really your clients. And if they are your clients and they don't follow, it's because they haven't fired you yet. It means they're already thinking about firing you. So it goes back to always trying to deliver the best that we can for our clients, build it and they will come. And if they don't, I was very confident that our team would rebuild what we had and we'd find new clients. I really was never worried about that. I'm not a worrier.

Mindy Diamond:

So you opted to be a do-it-yourselfer, meaning a do-it-yourselfer independent. You mentioned some of those service providers or platform firms. So why not use a Dynasty or a Sanctuary or any one of those firms? Why do it yourself?

Barry Mitchell:

I actually thought that made it muddier to use them in a way that was more cumbersome. And the feel that I got from the ones I spoke to was it's all about making money. And that's not the way I look at the world. Let's do a great job, right? Mitch Anthony was... Once again, another Merrill Lynch training. Merrill Lynch had great training back then. They probably still do. Back in 2005, 2006, we were down in Dallas. Mitch Anthony on stage, never heard of him, and he asked everybody to raise our hands if we were in the money business. And everybody sheepishly looked around, and he was setting us up, obviously. Everybody knew, we're not idiots. But he made us all raise our hand because we are financial advisors at Merrill Lynch. We're in the money business. He said, "You're all out of business. I work with a guy who's in the people business." And he said, "All you people out there in the money business, you just happen to deal with people. Whereas my guy is in the people business and he just happens to deal with money."

And so I only wanted to work with people that I got the feeling had that ethos in them. Didn't say yes, they agree with me, but their actions demonstrated that that was their ethos. Now, let's not pretend anybody here is a philanthropist. We are a for-profit organization, but we're for-profit



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when people are doing well, and that's how I wanted to find my partners. And our clients, I think they feel that about us and our team and that's why they came. And truly, but to actually answer your question what was I worried about, I can't think of anything I was worried about. I'm sure I worried about different things from here to here, from time to time, but not really. I'm not a worrier.

Mindy Diamond:

I want to go back to the concept of a Dynasty or a Sanctuary, which, for anyone not familiar, are essentially service providers that each has a different model, but an advisor who's thinking about breaking away pays a fee to, one upfront and the other on an ongoing basis to handle and manage all the aspects of the transition. So you may have opted not to want to pay them, and this is not a pejorative, I'm curious, but there are some important services that they provide like getting you from here to there, like knowing things you don't like, like making sure that you're on task for the transition. So how did you replace those services since you opted to do it yourself? Who supported the transition the most?

Barry Mitchell:

I think it's a misnomer to say that I did it myself. So we are an independent registered investment advisor, registered with the SEC, and we are a fiduciary. So we're independent. I believe, the same way I hired your group, in hiring experts to help us along the way. So we hired a technology expert, we hired a transition expert, we hired a business consultant to help us set up the right insurances and to make sure we had the right plans in place. We hired lawyers to help, obviously, to protect, but to help set up the corporate structure that's appropriate. So we did not use experts. We absolutely 100% relied on experts. As Wendy will tell you, I was always calling the experts, I never went independent for.

I didn't have a clue what to do, I'm going to be honest, but I was confident and comfortable, once again, I keep saying Wendy, with Wendy's help and with Pershing's help and with other people that I trusted in the industry and people that were on your podcast, people that you may or may not even know I hired that you didn't know I learned from your podcast. I picked up the phone and I called people and I said, "This is what I'm doing. Can you help me?"

Mindy Diamond:

So you got the support that you needed.

Barry Mitchell:

Absolutely. I knew nothing. And I just felt that since I knew there was a knowledge and execution gap, that there was going to be a premium to pay for that. So maybe I did a little more work upfront to make sure we had the right folks. And by the way, just about all of them worked



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at either one of the custodians at one point or Dynasty or one of the other aggregators. So it was all people that knew the business. They were amazing.

Mindy Diamond:

Right. So you're making the point that is worth making, that there are many ways to skin a cat. And so not everybody opts to hire or work with a service provider. So as this ecosystem born to support the breakaway has grown, there are many ways to feel scaffolded and get the support that you need.

Barry Mitchell:

The answer is absolutely to that yes.

Mindy Diamond:

One question I have for you, did you feel adequately prepared to become a CEO? And what do you think prepared you the most for making that leap?

Barry Mitchell:

The answer is I don't know if I'm adequately prepared to be a CEO. I am sure I make plenty of mistakes. I am sure the key to our success is having the right people on our team and they are amazing human beings and they're amazing people. And I've got some people around me that are not scared to tell me when I'm wrong. Now, I'm not going to pretend I like to hear it, but I have to hear it. I spend a tremendous amount of time, and I did it at UBS and I did it at Merrill Lynch before that and every other firm before that, working on myself. I still listen to your podcast. I'm not going independent again, I'm already independent. I listen to everyone. They come out every two weeks or so, sometimes every week.

There was one by Bob Veres several years ago, it was September or October of 22, I think, that is life changing. It's paradigm thinking changing that has significantly helped where I am today and I just take the families of the 10 people who have joined us, 11 being me, there's 11 of us now, I take their families and how they provide for them as seriously as I do, and that's how I try to lead. I will continue to make mistakes. I promise none of them are on purpose, but I know that we are leading a wonderful and amazing organization. I did hire a chief compliance officer, a chief operating officer. You have to spend money to grow and get expertise, and expertise costs money. I think the problem that some people run into is they're initially immediately looking at, "Well, I was getting a 52% payout here, and what would be my payout there?" If that's the first question or one of the first three questions, don't go independent.

Mindy Diamond:

So Barry, let me ask you a question. And first, let me just say for our listeners, we will put the link to the Bob Veres podcast episode that Barry is referring to in the show notes if anybody



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wants to listen to it. But I want to pivot now to talk about NXT, which is the RIA you launched in September of 21. First of all, two or three years later, where are you at? You left UBS, you said with about \$800 million, \$850 million was your high point. Where are you at now in terms of number of clients and what are your goals for growth in the near term and the long term?

Barry Mitchell:

Great questions. So I proudly tell you we now have more assets than we did the day we left UBS, and that was as of last week.

Mindy Diamond:

So it took two and a half years to get back to where you were. Am I hearing that right?

Barry Mitchell:

Yes, but also let's put into the equation that we had an 18% drawdown in the stock market and a 14% drawdown in the bond market in 2022. So when we look at our new business, what we've added, even though it sounds like you're right back where you were, we are so far ahead of where we were. We've added 161 new clients in that two and a half year period of time. Last year alone, 82. We already have papered for the year nine. All that work was done, full disclosure, in 2023. Nobody called us on January 3rd and said, "We need to fill some paperwork out here to get a new account set up."

So we have built a community that it's around financial advocacy, financial literacy. And I don't mean the difference between a stock and a bond, I didn't mean the difference between a demand deposit and a money market. And we are bringing people together that want to be part of this community. There's nothing like this in our area. Our phones are ringing off the hook. We're able to write articles. We have a outside compliance firm and we have a CCO here that has to approve it. But they're articles about empowering people who are regular people don't get to work with really seasoned financial advisors because the seasoned financial advisors are always told to work with bigger clients, richer clients, or to take a sunset program. You don't have to work so hard.

Mindy Diamond:

What you're telling me is you traded short-term gain for long-term success.

Barry Mitchell:

100%.

Mindy Diamond:

Because the short term gain would've come either in the form of an outsized recruiting deal you could have taken from another firm-



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Barry Mitchell:

Yeah.

Mindy Diamond:

... or at the very least, a lack of disruption to momentum, right? Had you stayed at UBS, you wouldn't have taken a step backward. You are telling me that you would do it all over again to have taken two and a half years to get back to where you were because it set you up for long-term success in a way you couldn't have if you stayed.

Barry Mitchell:

100% and a nanosecond, and I go back to you. Mindy, we only live one life. If I'm sitting at UBS with plenty of money in the bank and doing a great job for clients and having great clients, and I'm 64 years old and I'm sitting there, "What if..", shoot me. That's the definition of failure. That's just how I think. I'm not saying that's right, but that's how I think. And so too much of Wall Street or wealth management is around what's your production and what's your payout and how much money you make. You know what? What's your impact? People that impress me the most are the most impactful people on this earth. You've got impact in this space, you educate, you help. I think you're a legend because of that.

Mindy Diamond:

Thank you. What a nice thing to say. Thank you. So, Barry, thinking about succession. I think you said you have a birthday coming up this year, 60.

Barry Mitchell:

Yep.

Mindy Diamond:

So what do you think the next 10 years look like for you?

Barry Mitchell:

We can all agree, the only constant is change. So I think it will continually evolve around our evolving, continually evolving industry, building Next Level Private. Somebody yesterday, he goes, "I know who you guys are." To one of the guys on the team., he said, "That was really cool." We don't hear that a lot, right? We're Next Level Private, we're brand new. And there's other firms around that if I use their name right now, which I shall not give them a plug, just about anybody in Westchester County in New York where we live, they would say, "Hey, you know what?" I've heard of them, "... In 10 years, we're that firm." We're independent. I have no interest in taking money from the outside. We are that firm.

Mindy Diamond:



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And what about when you want to retire?

Barry Mitchell:

Retire from what? I came to work today, I had a conference call with one of my college buddies at eight o'clock who was now a promoter of ours, which we could set up, which I couldn't do at UBS. Then a friend of mine came in, who's got a not-for-profit. He's going to speak at one of our events. He wants to bring a bunch of prospective clients for us, if that's okay with us. I had met with the team, I had a couple telephone calls, and I go on this podcast with you. Would you please show me where the work is? Where am I retiring from? Seriously. So I don't have plans to retire.

Now, does the good Lord retire me? I don't know. I hope not anytime soon. And if I'm capable of doing this job, I'm going to do it and I owe it to clients. If a client became a client eight years ago and they were 62, they're now 70. 10 years from now, they're 80. They really need me at that point. They really need us. So we're going to have to make sure that we build a great team around them and we're doing that now. The 10 families out here, they rely on me every single day. You know what? If nothing else, that makes me feel good. Denzel Washington says, "The most selfish thing you can do is do something for somebody else."

So I intend to work for a while. I got a great team of young folks underneath us who are, Gary Raniolo who has been with me 10 years now, which is mind-blowing, Jenny Piche has been with me going on 25 years, Maggie Smith has been with us 12 years, Phil Johanson has been in our industry for 37 years, Russell Baker has been in the industry 35 years. So we have tremendous depth that we can deliver for a long time. And if I'm able, I intend to continue to, I'll use the four letter word work. It's not work. I don't go to work. If I go to work, that could change. If that changes... But I don't go to work every day.

Mindy Diamond:

Right. How do you think about maximizing enterprise value? Or should I say, do you think about it? Do you think about the ability to monetize the business someday?

Barry Mitchell:

I don't think about that. That's about me. And hopefully, a message that you're hearing is an ethos around them. And them in this circumstance are the people that are building this. And so I'm not the guy who wants to get to the party for the successful people and be there with three people. I want everybody to be at this successful party. So I don't really look at selling the business. I only get, I don't know, six or seven calls a day of people who want to buy us. I was like, "We haven't even started yet." So somebody called a couple of weeks ago and I threw a ridiculous number out, and he said, "Why do you think you're worth that?" I said, "Because my kids love me."



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Mindy Diamond:

One other question about the business, and this is an important one. You made the decision to go fee only right out of the gate. And you mentioned earlier in the episode that at some point, you were doing some meaningful transactional business and weren't willing to give it up. What were you going to do with that? Most advisors in your position opt to keep their brokerage license for a period of time to maximize the ability to capture any and all revenue. And then if it's meaningful, will give it up at some point. What would you say about that thinking and what made you opt to do the opposite?

Barry Mitchell:

So without judging what anybody else is doing and saying anybody's good or bad for doing one thing or another, it goes back to why I did. And the number one reason I went independent was to be a fiduciary. And if that's the case, you can't take outside money, but you can't take the commission money. So if you're dually licensed, you can tap dance around that, but you're really not a fiduciary.

Mindy Diamond:

So how much business did you have to give up because you went fee only?

Barry Mitchell:

I don't remember exactly. I'm guessing between mortgages and everything else. I don't know. 400, 500,000, 300 grand? Probably three to 500.

Mindy Diamond:

Okay. You really put your money where your mouth is, for sure.

Barry Mitchell:

Also, yes, I put my money where my mouth is, but now I can rationalize anything. So let's say it's 300 at a 50% payout, it's 150. I've got this other partner named Uncle Sam. That's another 50%. It's 75 grand a year. On a monthly basis, 75 grand a year, it's 6250. Or if I want to do it on a daily basis, it's 200 bucks a day.

Mindy Diamond:

No, I like your thinking. I think that's fair.

Barry Mitchell:

I think I have more on Amazon packages show up on my door on a daily basis.

Mindy Diamond:



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All right. I want to close by asking you, what you would say to your colleagues that are still practicing in the traditional space. And the question I most want to ask you is, the thing we hear the most from advisors is, "It's not perfect here," wherever here is, whatever firm, "... but it's good enough." And I'm wondering what your comment would be to someone. What you would say if that person said it to you, "It's not perfect, but it's good enough"? What would you say to them, not necessarily about going independent, but concept of change in general?

Barry Mitchell:

I'll tell you exactly what I do say, because friends of mine ask me. It may not be perfect there, it isn't perfect here. I'm not pretending it's perfect here. Not at all. That's the first thing. Second thing I would say, well, it sounds like you're saying it's fine, right? That's not perfect and it's fine. When get paid well, it's fine. I think fine is the weakest word in the English language. We are highly successful people. If we're determining where we're going to work based on the word fine, that's not somebody I want to see in the mirror. Do the work. Ask yourself where you belong and don't come out with, "It's good enough." Come out with, "It is the right place for me." And that might be exactly in the seat that you're sitting there, but please know it's the right seat for you wherever you end up.

Mindy Diamond:

You deserve better than that. Exactly.

Barry Mitchell:

Exactly. For yourself, you deserve better, and your family does, and your team does.

Mindy Diamond:

Barry, thank you. Your insights, your passion, your enthusiasm, your honesty has been refreshing and delightful. I am incredibly grateful that Diamond Consultants had the opportunity to guide you through your process, especially one that led you to something that's filling you with passion and joy, and really thankful for your time in sharing it with us.

Barry Mitchell:

You're welcome, Mindy. I think the world of you and your team and your organization, and I thank you for all those podcasts. And I say that and it's not a shameless plug, from the bottom of my heart. I still listen to them. My wife hears them on road trips to our kid's Lacrosse games. She's like, "Did you listen to Mindy?" I say, "I already listened to it this week." So thank you.

Mindy Diamond:

Well, I am grateful for that. Thank you.

Barry Mitchell:



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By the way, Mindy, anybody who's listening, if they want to ask me some thoughts or questions, whatever, they can pick up the phone and call me anytime.

Mindy Diamond:

What a generous offer!

Barry Mitchell:

Just go to the website at nxtprivate.com, all our contact information is there, and somebody on the team will set up a time to have a conversation. And I did that with a lot of folks and it was very helpful. You got to be willing to pay it forward.

Mindy Diamond:

Yeah, you're going to pay it forward. All right. Terrific. Thank you.

Barry Mitchell:

Thank you. God bless. Have a great day.

Mindy Diamond:

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