ELEVATING THE NEXT GENERATION *OF YOUR BUSINESS*

AN aRIA WHITE PAPER

BY JOHN FUREY, ADVISOR GROWTH STRATEGIES

INTRODUCTION

This decade, the Registered Investment Advisor (RIA) channel has experienced a tremendous run of prosperity – another golden age of growth and profitability. The best firms in the industry are not only reaping the rewards of today's environment, but are also ensuring their success well into the future by nurturing the next generation of professionals. The benefits of finding and growing the best talent in the industry may seem obvious, but why do so many advisory firms struggle with this?

The Alliance for Registered Investment Advisors (aRIA) is composed of six top independent financial advisory firms and a leading business management consulting firm. Each firm has a demonstrated track record of developing talent within their organization. This paper has been developed to provide financial advisors with tested techniques to build a foundation for elevating the next generation within their firms. This paper will help financial advisors answer the following questions:

KEY TAKEAWAYS:

1. How can my firm attract top talent?
2. Why will human capital be increasingly critical to my firm's success?
3. How can win/win compensation designs be created?
4. How can my firm best establish successful career paths for professionals?
5. How are the best firms introducing ownership to key contributors?
6. What is the next generation of talent looking for, and how can my firm build an employee value proposition?

The findings in this report are focused on the business management element of growing an advisory business. For almost every firm that has grown to $1B+ in assets, no single owner or group of owners has been able to accomplish this result without the help of talented people. Over the years, aRIA members have met thousands of RIA firm owners. Too many firms have very little time, interest or capability to develop their teams, or they may lack an incentive system to encourage professionals to want to take the initiative themselves. It is no longer good enough for advisory firms to be merely great advisors and/or business operators; they need to put the pieces in place to develop and retain top talent.

aRIA believes differentiating a wealth management firm's client experience based on the talent and capability of their human capital will be increasingly critical in the future. Our hope is that advisors take stock in the talent of their existing team and develop a path forward to provide opportunities for career and professional growth, which will ultimately benefit clients, owners, and the firm overall.

As always, we welcome your questions, comments, and friendly debate!

Brent Brodeski, *Savant Capital Management*; bbrodeski@savantcapital.com

John Burns, *Exencial Wealth Advisors*; jburns@exencialwealth.com

Ron Carson, *Carson Wealth Management*; rcarson@carsonwealth.com

Jeff Concepcion, *Stratos Wealth Partners*; jconcepcion@stratoswp.com

Matt Cooper, *Beacon Pointe Wealth Advisors*; mcooper@bpadvisors.com

John Furey, *Advisor Growth Strategies*; jfurey@advisorgrowthllc.com

Neal Simon, *Bronfman E.L. Rothschild*; neal.simon@BELR.com

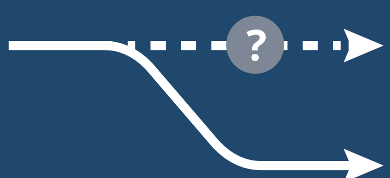
OUR INDUSTRY'S BIGGEST CHALLENGE

The numbers don't lie – founding owners of RIA firms are getting older, yet ownership is still concentrated among the founders. Still, intermediaries in the market are seeking to educate advisors to diversify their ownership pool, grow top talent, and address the needs of the "next gen". Why don't most firms do this? aRIA believes the real answer is that most founding partners are less interested in building a business and more interested in being operators of their practice. This usually manifests itself in any of the following "less than ideal" potential outcomes:

- Talented key employees have no career path and become vulnerable to switching firms.
- Non-owner professionals with the ability to generate revenue have no path to ownership and eventually find more attractive homes in a local market.
- An RIA without a clear path to career growth tends to only attract mediocre talent.

"Founding owners of RIA firms are getting older, yet ownership is still concentrated among the founders."

CAREER PATHS AND TALENTED EMPLOYEES



Talented key employees with no career path can become vulnerable to switching firms.

- An eventual derogation of confidence occurs with clients and employees as they come to the conclusion that the business may not be sustainable beyond its founders; this unilaterally results in limited to no growth, and eventually degrades profitability over time.

- An RIA's ability to innovate and enhance the client value proposition and client experience becomes limited due to an inability to attract and retain next gen talent.

- Limited options for founding partners occur as they seek to exit, because internal and external succession options are not in place. Founders put themselves in a position where an external buyer must install the next generation of professional talent to grow the business.

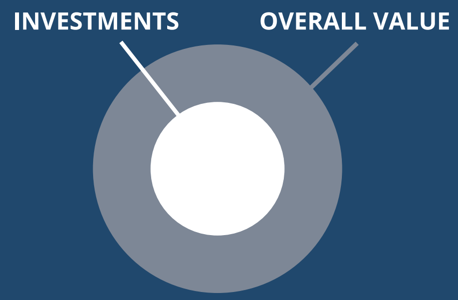
So why do founding owners commonly seem unfocused on finding and developing their teams? The benefits seem obvious, although the actual execution is lacking. Past aRIA papers have delved into topics such as building scale and growing to become a $1B firm. Most existing owners are not willing to risk short term economic outcomes for long term benefit. Plus, until a founding owner experiences meaningful client attrition, advisors can lure themselves into a false sense of security. Still, growth at many RIA firms can become stagnant over time. One sales leader at a leading RIA custodian noted, "I can't tell you how many firms that have achieved success at $200M or so in assets, but just can't grow their firm." Additionally, how many founding owners of RIAs have deep competency in developing professionals over time?

"Most existing owners are not willing to risk short term economic outcomes for long term benefits"

Ignoring the development of talent is not necessarily going to put a firm out of business, but firms do risk increasing pressure on their economics and their value proposition over time. aRIA believes that three key strategies will drive the best path forward:

1. Implement a scaled model based on technology. Advisors may choose to scale their business via leveraging third party platforms (e.g., a Robo/digital platform) that reduces the cost of financial advice and ultimately lessens P&L cost pressure over time.

2. Create true differentiation through human capital. In this approach, RIAs build competencies to deliver value added wealth management services beyond investments. Past aRIA papers have elaborated on the benefits and challenges of this approach, which is human capital intensive and requires top talent to deliver.



RIAs build competencies to deliver value added wealth management services beyond investments.

3. Lever a bigger platform. In this approach, RIAs can decide to leverage a larger RIA or service bureau to help deliver #1 or #2 above. The number of options from which RIAs can choose will only increase in the future.

LACK OF TALENT FLOW AND SUPPLY PERSISTS

Every RIA in the country would love to have access to a pool of talent from which to draw. But the problem is there is no direct match of supply of candidates to meet the needs of RIAs. Some advancements in recent college graduate placement programs have been made, but not every firm needs or wants to hire a brand new professional. Furthermore, college programs rarely teach critical skills such as business development. Finally, RIAs cannot assume that a new professional to the industry wants to be hired by a firm that has no clear path to career advancement.

Many RIAs turn to recruiters and headhunters to fill their needs, but in aRIA's experience, leveraging these providers produces a mixed result at best. If you ask some of these types of providers confidentially where they most effectively place candidates, they will tell you that at firms that can:

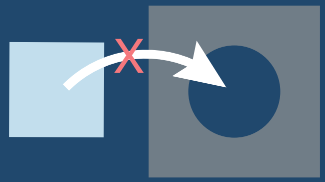
- Pay at/above market rate compensation. You can throw benchmark data out the window if you want to compete, given the data in benchmarking studies usually provide median data and lacks local market intelligence.

- Provide a path to ownership for professionals with a book of business and/or compensation linked to revenue.

- Create a solution that allows the candidate to grow faster and perform more meaningful work than they can at their current firm. RIAs that do not show differentiation or a scale advantage have difficulty getting significant mind-share from a top recruiter or headhunter.

It should be also noted that the next generation of talent is often looking for different variables than for what founders might have been looking for when they started in their roles. For example, the next generation of talent may not be as "entrepreneurial"; they might not desire to make personal sacrifices needed to devote a similar amount of time to their work to advance their business, as compared to founders. Young professionals may often be seeking a "job" versus choosing to start their own business, like the founder did.

ACCESS TO TALENT



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Advisors should consider "speaking the language" of their target hires and demonstrating the ability to provide them with what they are looking for in their careers, whether it is advancement, creativity, diversity in work, and/or compensation.

CREATING A GROWTH CULTURE

It is important to avoid falling into an "owner's trap" as it pertains to human capital. What is an owner's trap? This is best illustrated by an example: Advisor Growth Strategies was hired by a single owner RIA ($750M+ AUM) to develop a strategic plan to develop scale and attract professionals. While completing interviews with this firm's staff, a key professional was asked about how they felt about growth and their role in it. The professional noted, "When the owner talks about growth, for me is only to advance their personal income outcome. There is little opportunity for the team to grow."

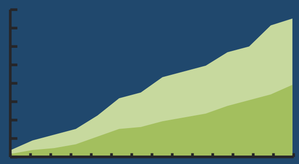
Clearly, in this example, the professional thought growth was only for the owner - not for the team. Over time if this type of feeling or culture becomes pervasive, it can lead to under performance and lack of growth. Top performers want balance – they want to advance themselves and the company for which they work; they want their personal incentives aligned with the success of the clients and the firm.

THE IMPORTANCE OF BUSINESS PLANNING & EMPLOYEE VALUE PROPOSITIONS

Creating a vision for a company to demonstrate how a firm is going to grow via a business plan is a critical element to building alignment with employees, owners, and clients. If owners do not have a business plan, they should be asking themselves: Why not? How can the contributions of my team be maximized if members don't know how everybody fits in the big picture? Do I risk losing great contributors if they feel they do not have a career path?

Ron Carson noted, "In 2011, we made a strategic decision to build out Carson Institutional Advisory (CIA), and I knew I needed additional talent to help implement the vision. We spent a great deal of time thinking through how we would find top talent and what would be in it for them, if they joined.

GROWTH CULTURE



Top performers want balance - they want to advance themselves and the company for which they work.

We laid out a ten-year plan and provided opportunities and results based on a compensation system and opportunities for equity ownership. This mind-set really helped the business transform and helped me solve for a variety of challenges we were facing – business continuity, succession, and maybe over reliance on my personal contribution."

Most RIA owners can share what they believe is their value proposition with clients. But can the same be true for employees? An employee value proposition is critical, as it links employee contributions to overall firm results.

SHARING THE VALUE PROPOSITION

Most RIA owners can share what they believe is their value proposition with clients. But can the same be true for employees?

FINDING TOP TALENT

Many advisors struggle with sourcing candidates to fill their staffing needs. This comes as no surprise, as RIAs do not have the brand, internal recruiting capabilities, and/or vetting systems that large institutions have. In this sense, firm owners need to work harder to identify and source talent. aRIA firms are more proactive in terms of identifying their needs and getting ahead of the curve. Matt Cooper notes, "Beacon Pointe is now positioned to build capacity, so our approach is a bit more strategic. We understand what our needs are over a three-year horizon. If we find the right talent to fill a position, we have no problem pulling the trigger."

Finding a "farm team" is also critical to your success. RIA owners should consider becoming great networkers to identify future employees. Ron Carson explained, "I'm constantly trying to identify talent that may be able to help me now or even five years from now. Everybody is in a different stage in their career, but when I find somebody that might be able to help, I'll open up a dialogue. I've found employees from industry events, clients, friends outside the industry – talent has no boundaries. This has paid dividends over the years. Virtually everybody on our team was sourced this way, either by me or somebody else over the years."

"I'm constantly trying to identify talent that may be able to help me now or even five years from now."

PROFILING CANDIDATES

Hiring talent also can be risky for an RIA. Professionals almost always need to hit the ground running, and owners cannot afford ramping times of one to two years (larger financial institutions have the ability to train staff for a longer term return). Usually RIAs decide to hire based on experience relevant to the role they are seeking to fill. That might work in some cases, but RIAs may be ignoring potential talent from outside the financial services industry.

Several elite RIAs are now instituting predictive tools to help with vetting candidates. A commonly used tool is personality testing done by leveraging third party platforms such as Myers Briggs, DiSC, Koble, and Strengths Finders. Some RIAs have used these platforms for team building, but they are also very useful in the hiring process. For example, the DiSC assessment can help you identify if a professional can be effective in a business development role, yet also identify if they are potentially too entrepreneurial. It might make sense to hire a great "rainmaker", but if the rainmaker has a highly entrepreneurial profile, he/she might leave an RIA and take clients with them!

RESOURCES AVAILABLE TO RIAS

- *Leverage your custodian and their resources.*
- *Consider local education institutions.*
- *Examine industry association job boards.*
- *Visit alumni job boards of large institutions.*
- *Utilize third party search firms.*

AGE LADDERING AND DIVERSITY ARE KEY FOR FIRMS WHO SEEK SUSTAINABILITY

There has been way too much chatter in the industry about the aging of RIA owners; more attention should be paid to the stratification of the age of RIA contributors. There are firms that have owners that look like their clients – older and tenured and moving towards the end of their professional career. The best managed firms ladder their professionals based on a variety of attributes – skill, experience, and age. A successful firm will be thoughtful about the demographic of their client base and seek to match their professionals with that demographic.

Interns can also play a key role in bringing energy to an RIA firm. Interns are hungry for experience, and of course references. Interns not only make contributions to a firm over a summer, semester, or even a year, but might also be identified as talent to convert to full time. Asset custodians are also trying to find ways to help RIAs with interns.

GROWING TALENT WITHIN YOUR ORGANIZATION

When thinking about organizational skills, most RIAs do not rank professional development or employee training very highly on their list. This should come as no surprise, given that most firms focus more on working in their business (on their professional functions) versus working on the business (on strategic activities such as professional development). For firms looking to elevate their team and grow their firm, this is a critical delineation. It is up to firm owners to embrace the opportunity of developing their professionals themselves or invest in third party providers to help.

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John Burns shared, "Exencial has more than tripled in size over the past five years. We have been pressured to ask our team members to step into new roles that may be out of their comfort zone. This required not only quite a bit of delegation from leadership, but also spending time on internal and external professional development. We have invested in third party firms to help with development and have sent our team to educational forums. This focus can only accelerate in the future."

For multi-owner firms, partners may choose to break up responsibility within the ownership and leadership ranks. Jeff Concepcion described the investments made at Stratos, "We have Regional Directors that work with our advisors helping them grow their teams and professional capability. This ranges from training, to helping with client cases, to being a better practice manager. We feel this is very differentiating for us and something many firms simply don't have the scale to do. We have seen this pay dividends to our growth rate, and it is one of the key drivers that has propelled us to over $8B in client assets. Our team tells us it makes a difference."

DEVELOPING A FOUNDATION

For firms that are just embarking on elevating their team, a critical step to consider is whether the structure is "top/down" versus "bottom up", in terms of the human capital capabilities needed to grow the business. This type of business planning usually results in the development of an organizational structure for the future, not of the present day. Thinking forward allows owners to understand what human capital and talent they need to begin planning.

THE STRUCTURE FOR GROWTH

Consider whether the structure is "top/down" versus "bottom up", in terms of the human capital capabilities needed to grow the business.

Owners can then connect the future with their team and identify candidates within the firm for growth. This sounds simple, but can be challenging when there is dissonance between long-term employee capability and requirements for a role with the organization. To address this, firms can develop detailed job functions and success criteria to help professionals chart their current abilities on a map of expectations for a future role. This process sets the stage for an open dialog and helps owners realize whether they need to seek outside talent for future roles (i.e., building the farm team!).

ALIGNING EMPLOYEES THROUGH A "MERITOCRACY"

Compensation is an important element in terms of driving employee performance, and in most cases, employee development. If high potential employees are shown a path to a larger role with a greater associated compensation plan, top professionals usually make a conscious decision to earn the reward. If this theory is bought into conception, wouldn't owners want to set up a system for professionals to win? aRIA feels that incentive based compensation plans for professionals work better than rank and file salary plus bonus systems, which are usually more appropriate for support staff.

Creating compensation that is based on merit, not experience, tenure, background, or potential, will incent employees to elevate performance versus remain in the status quo. Creating an environment where employee growth opportunities and increased compensation are based on results, rather than subjective feedback or favoritism bias.

Building a system to increase employee performance is not only based on cash compensation. It can be a mixture of benefits, cash compensation, personal rewards or equity. Neal Simon relates, "We decided to build a system to attract professionals based on what they are looking for and what would activate our team to help us achieve shared objectives. For top professionals seeking to join, we are very flexible in terms of compensation, equity, and benefits. We want to make win/wins over time and have been able to see results from our efforts and make a virtuous circle for employees and the firm."

It would be very easy for RIA owners to fall into a win/lose scenario in which owners feel that compensation and reward systems should do just enough so employees are willing to do good work while owners are rewarded through profits. This strategy runs the risk of alienating employees and creating resentment.

COMPENSATION AND PERFORMANCE

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"We decided to build a system to attract professionals based on what they are looking for and what would activate our team to help us achieve shared objectives."

A client of Advisor Growth Strategies described their feelings in an interview, "Our firm's owner talks about 'growth', but that growth is for their benefit, not our team. There is no link between company results and my growth, so why would I want to do more? To advance the owner's objective?" This type of feedback from an employee is a red flag and showcases that this particular firm is starving for more alignment between firm and employee goals.

HOW HIGH SHOULD A BAR BE SET FOR THE NEXT GENERATION OF OWNERSHIP?

Founding owners of RIAs initially took the risk/reward scenario to start an RIA and build a business. For many, starting a firm that is unique and germane has its rewards and also creates a sense of superiority that leads to a feeling that the next generation may not be able to carry the torch. This leads to RIA owners building subjective criteria for ownership and deferring ownership down the line.

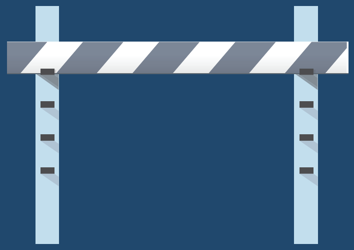
Although next generation owners did not start the RIA, founding owners should not expect these professionals to experience the same process or have the exact same skill sets as the founders. This is also true when thinking about equity ownership. Key employees, especially ones that deliver revenue events, will feel "ownership"; this feeling pertains to their direct contribution and they will seek to have their contributions recognized through partner equity. RIAs that set direct criteria will have a better chance of creating a sustainable business because they will attract professionals that want to buy into equity.

Advisor Growth Strategies has encountered multiple examples of RIA professionals that "carve out" (leave) of an RIA due to founding owners having made promises they were not willing to keep in terms of equity or employee contributions became unbalanced with the firm's compensation/reward system. This is especially important today as RIA economics and compensation are far more transparent.

THE IMPORTANCE OF OWNERSHIP DEVELOPMENT WITHIN YOUR FIRM

Given the industry attention that has been paid to succession planning and the obvious challenges this brings to financial advisors, why wouldn't owners want to strategically and thoughtfully allocate ownership to the next generation of talented professionals within an organization?

SETTING THE BAR



Founding owners should not expect these professionals to experience the same process or have the exact same skill-set as the founders.

The concept of increasing the number of owners within a firm sometimes falls flat for a variety of reasons. Often the reasons are related to the lack of an "ownership mindset", fear of losing control, creating transparency into firm economics, or unwillingness to share economics. All of these concerns are valid and are typical of human nature.

The most successful RIAs in the country have discovered that activating talented employees as owners has a powerful long-term effect. However, ownership should be mindfully offered, and potential owners should meet established criteria prior to being considered for being given a gain in equity.

CHANGE THE CONCEPT FROM CONTROL TO CONTROL PLUS ECONOMICS

Advisor Growth Strategies estimates that at least half of all RIAs in the country have no corporate governance and/or their Articles of Incorporation (or Operating Agreement) are used for no more than a paper napkin! Many RIAs are fearful of sharing control with the next generation, but if there is no established system of governing a firm, why would a potential owner even want "buy in" to an RIA without some confidence in the certainty of firm management, economics, liquidity, and owner rights if they eventually become an owner?

The good news is that founding owners do not necessarily need to share control, but instead, can simply share the economics. This can be accomplished by thinking through a firm's existing ownership structure and viewing equity as part of overall economics.

The most successful firms in the industry are establishing innovative ownership structures that create wins between the founders and key employees. Jeff Concepcion stated, "When we started Stratos, we realized quickly that ownership was a powerful driver of loyalty and behavior. Advisors that work with Stratos own their practice, but they also own Stratos. Every year we offer advisors that meet our criteria the opportunity to buy shares at an attractive discount, with liquidity whenever they want it. Since inception, we have already sold almost 20% of the firm's equity and created a win/win for all. Our valuation is updated annually by an independent third party, so this breeds confidence with employees."

"The most successful firms in the industry are establishing innovative ownership structures that create wins between the founders and key employees."

aRIA
Alliance for Registered Investment Advisors

OWNERSHIP CONCEPTS FOR THE NEXT GEN THAT WORK

When owners think about sharing equity, usually the simplest form of equity transfer is considered – a buy-in program with a discount. Buy-in programs make sense when owners want to remove concentration risk from the table or experience a near term liquidity event. However, limiting consideration to only buy-in programs is probably a bit shortsighted. This is especially true of advisory professionals that are creating value for a firm through developing client relationships and making a contribution via business development.

<table>
<tr><th></th><th>BUY-IN</th><th>EARN-IN</th><th>GRANT</th></tr>
<tr><td rowspan="2">TRUE EQUITY</td><td>• Purchased by a key contributor. (May be done at FMV or a discount to FMV depending on the relationship.)</td><td>• Generally “earned” by advisory professionals that are contributing new revenue (may be applicable in other situations).</td><td>• Used to deliver true equity to an employee.
• Proceed with caution when using true equity grants as it can create unique tax consequences.</td></tr>
<tr><td colspan="3">May have varying control and economic rights depending on preferences company structure.</td></tr>
<tr><td rowspan="2">PHANTOM EQUITY</td><td rowspan="2">• Generally not executed through a buy-in program.</td><td>• Generally “earned” through a variety of activities such as revenue generation, client experience, or some other material contribution to the firm.</td><td>• Granted to employees to reward loyalty, tenure, or to promote retention.
• Can be tax optimized but must be structured carefully.</td></tr>
<tr><td colspan="2">Can have varying economic participation and generally does not come with control or voting provisions.</td></tr>
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Note: Equity and phantom equity programs must be verified with qualified tax and legal counsel.
The equity methods described here can have varying tax impacts and are not allowed by all legal structures.

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OWNERSHIP CONCEPTS FOR THE NEXT GEN THAT WORK (CONTINUED)

Brent Brodeski commented, "At Savant, we have the ability for our team to participate in ownership in a variety of ways. For advisors with a book of business from the outside, we have the ability to provide ownership in Savant, in addition to providing liquidity for their business, if that is what they are looking for. In addition, we have equity grant programs for key contributors that are not directly related to contributing revenue; we have seen these programs make a difference with behavior. In addition, we have a path for advisors who are delivering significant new revenue to earn real or phantom equity."

	BUY-IN	EARN-IN	GRANT
AUDIENCE	• Any key contributor that is critical to the current and future success of the firm, and willing and able to purchase equity.	• True equity is generally reserved for internal revenue producing professionals, or, professionals seeking to join the firm with an existing client base. • Phantom equity can apply to a variety of employees. Unique circumstances may warrant an earn-in by a non-producing employee.	• Any key contributor that is critical to the current and future success of the firm. • Are used to reward for past performance, or, to create a long-term incentive plan for retention.
BENEFITS	• Allows current owners to create liquidity and diversify ownership. • Can result in a triple benefit as owners receive consideration, create a long-term relationship, and diversify concentration risk.	• Earn-in programs are attractive because they reward based on set criteria and objectives. • Earn-in programs create a true "carrot" for high achievers and can have a great deal of flexibility in how the program is structured.	• Can be useful in allowing employees to participate in the growth of the firm and demonstrate commitment. • If structured properly, they can provide a unique benefit for all parties and incent the right behaviors.

Note: Equity and phantom equity programs must be verified with qualified tax and legal counsel.
The equity methods described here can have varying tax impacts and are not allowed by all legal structures.

EQUITY CRITERIA AND OVERALL HUMAN CAPITAL IMPACT TO A FIRM

Even if an RIA firm owner believes in the merit of providing a path to equity, it may seem overwhelming to determine who should be eligible and what criteria should be used evaluate potential owners. There is no right or wrong answer, but most of the best-managed firms build equity criteria, which is essentially a set of guidelines. The best ownership determination guidelines are usually a mixture of quantitative and qualitative measurements.

When developing criteria, RIA owners should consider rationalizing the equity type and the relative amount of equity based on contribution. aRIA believes that contributors who are delivering revenue or contributing directly to a firm's value proposition (e.g., investment performance or similar) should have their contribution valued higher versus contributors making less direct contributions (client service, functional contributors, etc.). This may also be true for the type of equity a contributor receives. For example, advisors that are integral to growing the business may have a more direct form of equity, so as to make restrictive agreements more binding (e.g., voting class shares); in contrast, a key contributor in a support role that may be granted less permanent equity (profit sharing interests, phantom equity, or deferred compensation).

Broadly, the benefits of distributing equity are usually accretive to founding owners of a firm. If ownership is provided to contributors that deliver revenue, providing equity should result in incenting professionals to continue to grow revenue. If the equity is structured in a way that recognizes the contribution of the parent company, the founding partners can essentially grow the pie, while sharing a calculated slice of the pie with the contributor – a win/win!

For advisory firm owners who want to enhance their firm's valuation, distributing ownership beyond the founders is almost universally beneficial to firm value. After all, if an RIA decides to sell their firm, installing the next generation of ownership provides more certainty and helps limit risk to a buyer.

EQUITY CRITERIA

Most of the best-managed firms build equity criteria, which is essentially a set of guidelines.

"... providing equity should result in incenting professionals to continue to grow revenue."

TOP 10 IDEAS TO FIND AND DEVELOP YOUR TALENT:

1. Develop your “farm team” of talent through networking – always be on the hunt for talented people.
2. Create an “employee value proposition” in a similar way to your client value proposition; this may be even more important than the client value proposition.
3. Hire for raw talent and character and train the technical knowledge internally; the best long-term contributors may not currently be in our industry.
4. Leverage personality assessments and case studies in your hiring process.
5. Encourage your top talent to find a third party mentor or coach.
6. Develop compensation systems that are based on merit, and provide both individual and company results.
7. Make sure compensation plans are fully transparent. Avoid implementing a reward system that is owner subjective and/or overly complicated.
8. Move past the belief that sharing equity is bad. Sharing equity helps drive long-term continuity, ensures that your team has skin in the game and attracts talent.
9. If you do not have the ability to develop internal talent, then find help via leveraging outsourced providers (coaches and consultants).
10. As your firm grows, designate a leader within the firm to handle human resources for the company; most leading firms have an HR director.

CONCLUSION

RIAs, in aggregate, may not have the deepest competency in developing organizational talent or building "win/win" employee value propositions to attract the top talent. This white paper is intended to provide advisory firm owners with practical ideas to identify and develop human capital to differentiate their firm and improve their offerings. Firms that choose to fall into the "owner's trap" risk marginalizing their long-term success and potentially face a deteriorating client experience.

aRIA members are willing to offer their time and experience to owners that are seeking advice on how to improve the capability of their teams or who want to consider a new advisory model. aRIA is continually working to improve individually and collectively, while providing industry participants with value added ideas to advance their businesses. We will continue to address key topics that face the industry with an eye towards building sustainable businesses that benefit the clients we serve.

ABOUT *ADVISOR GROWTH STRATEGIES*

Advisor Growth Strategies, LLC (AGS) is a leading consulting firm serving the wealth management industry. AGS provides customized business management solutions for independent firms seeking to aggressively grow their business and for financial advisors in transition. Our services include strategic planning, recruiting and acquisition programming, compensation design, and succession planning. We serve a cross section of the most successful independent advisory firms, large breakaway advisory teams, and institutional-level corporations on a national basis. Visit us at: www.advisorgrowthllc.com

ABOUT *aRIA*

aRIA, the alliance for RIAs, is a think tank study group composed of six elite RIA firms that collectively manage more than $20B in client assets, and Advisor Growth Strategies, a leading consulting firm serving the wealth management industry. The group offers insight for advisors considering ways to enhance their firms' enterprise value.

Members include Brent Brodeski, CEO of Savant Capital; John Burns, Principal at Exencial Wealth Advisors; Ron Carson, CEO of Carson Wealth Management Group; Jeff Concepcion, CEO of Stratos Wealth Partners; Matt Cooper, President of Beacon Pointe Advisors; Neal Simon, CEO of Bronfman E.L. Rothschild; and John Furey, Principal of Advisor Growth Strategies, LLC. The group meets regularly, releasing thought leadership pieces of interest to both independent and wirehouse advisors interested in exploring long-term growth strategies. On the Web at: www.allianceforrias.com

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