PART I

Structuring an Ensemble

COPYRIGHTED MATERIAL
http://www.pbookshop.com

http://www.pbookshop.com

CHAPTER 1

The Ensemble Defined

"I like building a business; I just don't like managing people!" This oxymoronic phrase has defined the landscape of the financial advisory industry for decades as financial advisors have consistently focused on "hunting and gathering" new clients rather than the "unnatural" act of collaborating with other professionals. As a result, the majority of financial advisory practices today still function as "solos"—one man (or woman), alone against the markets and the tax code. This simple practice model unfortunately has always been fragile and inefficient, and it leaves no legacy behind when the advisor retires.

I believe there is a better model of practice—one that combines the skills and energy of multiple professionals and focuses on the cultivation of relationships with clients and employees to build a profitable and lasting structure. I know many advisors will agree with this statement since the multiprofessional practice we call *ensemble* is already being adopted and perfected by thousands of practices. The results are rewarding to the advisors who embark on building an ensemble and are changing our industry.

For the last 12 years I have had a chance to work with many financial advisory firms as a management consultant and observe their strategies, their plans, their culture, and their checkbooks. Many were following the traditional model of one-person-one-practice, but many were already building large and complex organizations. All of them were in some process of change and transformation—after all, the financial advisory industry is relatively new and quickly changing. What I found was that while the changes were purely quantitative for most solo practices (i.e., more revenue, more clients, but the same kind of practice), the multiprofessional ensembles I worked with were able to make qualitative changes that transformed them into better competitors and more valuable businesses.

http://www.pbookshop.com

c01 3 August 2012; 12:40:16

I can't resist comparing the solo practice model with the hunter-gatherers of ancient times. Human beings have been roaming the earth for roughly 200,000 years. In the first 195,000 of years of their existence, however, they left very little trace of their activities,[1] their efforts, and their achievements. All that remains is a few arrowheads and doodles on cave walls—items of little interest to anyone outside the scientific community and which often prove to be pranks by drunken college students. It wasn't until several thousand years ago[2] that human beings started developing civilizations—complex societies that produced great cultural artifacts such as magnificent buildings, libraries full of books, scientific discoveries, and beautiful works of art. How is it that hundreds of thousands of years left so little trace but several centuries lead to such an explosion of knowledge and culture?

The answer lies in the discovery of agriculture and with it, the large, complex, and team-based societies that required carefully structured organization and provided enough resources to allow some of the members of those societies to focus on specialized tasks such as science, art, and religion. Once humans did not have to spend all of their time hunting or picking up fruits and berries, their creativity and inventiveness blossomed, and they started to write, to debate, and to pass knowledge and resources from one to another and from one generation to another.

In a similar way, the vast majority of financial professionals worked with their clients for decades and then retired with their practice dissipating behind them and the clients scattering to other advisors. The one-person practice has been the building block of the financial advisory industry for decades. That one person, the molecule of the profession, has always been a hunter-gatherer and has primarily been consumed with finding new clients. Since until the 1990s the business was mostly commission-based. "Hunting" (i.e., sales) was the primary activity and, just as it happened to our ancient predecessors, hunting left little time to write books or design pyramids. The best "hunters" dominated the brokerage "tribes" of the 1980s, and the quieter "engineer" types were poorly regarded, encouraged to learn to hunt, and often did not survive. To quote Michael Cera's character in the important movie *Year One*, who was in a prehistoric tribe, "We have two job descriptions here—hunters and gatherers—and you are obviously not good at hunting."

Fee-based financial advice was to the financial industry what agriculture was to our predecessors. As clients started to pay to have a percent of their assets managed for the ongoing advice of the professional,[3] suddenly there was a need for a completely new type of organization, new types of skills, and

http://www.pbookshop.com

ultimately a new type of culture and values—"growing" became more important than hunting and "cultivating" more productive than gathering. Nurturing and preserving existing client relationships produces a reliable and predictable stream of revenues for the advisors and favors those that can retain clients rather than jumping from one client and transaction to the next. What is more, the fee-based advisory business created a surplus of time and resources, paving the way for the emergence of specialized responsibilities and a team-based, rather than individualistic, organizational structure.

This is very important to understand before we start building an ensemble—the recurring and predictable nature of the revenues allows an ensemble to exist. The more recurring and predictable the revenues are, the more the practice can have the patience to cultivate relationships and to train and develop staff. The more the practice has to constantly search for new revenues, the less likely it is to have this long-term focus and build an ensemble. If you don't believe me, try reading this book on an empty stomach and see how well you can focus on the page rather than the fridge.

The Ensemble Concept

The ensemble practice is a team of financial advisory professionals that relies on the team rather than an individual to service and manage client relationships. The ensemble practice involves multiple professionals who often have specialized roles and bring different skills and knowledge. Ensembles also employ different levels of professionals, combining the enthusiasm, energy, and lower cost of less experienced advisors with the experience, wisdom, relationships, and network of highly experienced team principals—a process we will call *leverage*. Most of all, an ensemble is defined not only by its organizational structure but by its culture—a collective behavior that focuses on the team goal rather than individual agendas and says "we" more than it says "I."

As a result of leverage (multiple levels of professionals), specialization, the larger pool of combined resources, and the "two heads think better than one" effect, ensembles have performed better than other types of financial advisory practices. In fact, ensemble practices have proved to grow faster, attract larger client relationships, achieve higher levels of profitability, and create long-term value for their principals. What is more, they tend to survive the founding generation and pass their resources and knowledge to a new generation of professionals. Ensemble practices tend to create and

http://www.pbookshop.com

invent more successfully—they develop new methods and ways of servicing clients and original analysis and planning processes. Last but perhaps most important is the fact that clients have shown a clear preference for working with ensemble practices and have overwhelmingly gone to firms that have been early adopters of the ensemble concept.

These are strong statements, and I will certainly try to substantiate each with statistical data, case studies, and examples from my experience as a consultant, starting with this chapter. As strong as the evidence in favor of ensembles may be, though, the majority of the advisory industry today still practices in individual solo practice with only one advisor responsible for business development (sales), service, research, operations, and everything else. Many firms, while consisting of multiple professionals, still perform like hunter-gatherers—that's why our criteria for an ensemble will focus on culture as much as we focus on the organizational structure. While the advantages of being an ensemble practice are accepted by most, the process of building such a practice is difficult, and the obstacles have led many advisors to prefer the control and path of less resistance of operating on their own. The industry today has more solo and silo practices (we will define them in a second) than ensembles.

Not all nonensemble practices are solo. There are many firms that have multiple professionals and even multiple partners but still do not practice a team-based service model. It is very common in the industry to see practices that have multiple principals but where each principal works with his or her own clients and to a substantial degree derives income from his or her own client base. We will call such firms *silos*. There is no clear way of differentiating a silo firm from an ensemble firm, but usually the most telling sign is the presence (or absence) of a shared bottom line that significantly impacts the income of the owners. In other words, if 40 percent or 50 percent of the income of a principal depends on the shared result of the practice, we are certainly working with an ensemble firm. If, on the other hand, the shared bottom line only determines 5 percent to 10 percent of the principal income while the personal results determine the remaining 90 percent to 95 percent, the firm is most likely better classified as a silo.

So to summarize, by their organizational characteristics (roles and responsibilities in the delivery of services to clients), here are the three types of practices we are discussing:

1. Ensembles—multiprofessional practices that deliver services as a team and pool all resources and profits.

http://www.pbookshop.com

2. Solos—individual practices with only one professional advisor. The solo practice usually has some support staff, that is, an administrative assistant or client services administrator, but does not have other professionals.
3. Silos—practices that have multiple professionals, but those professionals maintain their own clients and their own profits, in essence only sharing office space and a fax machine.

Note that ensembles do not necessarily describe the affiliation characteristics of the practice. How the practice is registered with regulators and how it works with its broker-dealer and other support resources (affiliation model) is not a critical factor, as we can find ensemble practices in every affiliation model.

Ensemble Demographics

The practice of advisors working together in a team structure began to take hold in the late 1990s, particularly among independent financial advisors—those that own and operate their own practice as opposed to working as employees for a large firm. (The term "ensemble" itself was first used in 2001 in a research report published by Moss Adams LLP,[4] and I had the privilege to be part of the team that wrote that report.) There are reasons why independents developed and adopted the ensemble concept faster than the larger national firms, and the reasons have to do with culture and resources.

http://www.pbookshop.com

Key Terminology

- Independents—firms that are majority owned and operated by the advisors who work in them. While by definition independents tend to be smaller, size is not the criterion—a large 30-partner firm is independent because the partners/owners are also the advisors, while a small bank-owned practice is not independent. The independents tend to practice in two primary affiliation models—registered investment advisors (RIAs) and independent broker-dealer affiliated advisors (IBD advisors).
- Large firms also known as wirehouses—big national firms such as Bank of America Merrill Lynch, Wells Fargo, Morgan Stanley Smith Barney, and UBS, where the advisors are employees of the firm rather than owners of their own practice. This employee model applies also to smaller firms where advisors work FOR the firm rather than on their own.

- Regional firms, insurance firms, and other types of firms—between affiliation models where the advisors are owners and models where advisors are clearly employees, there are many business models where the advisors have significant ownership of the practice but still are closely supervised and managed by a home office. This is true for many of the regional brokerage firms, the investment practices inside insurance firms, and even the branch offices of some of the independent broker-dealers. Again, the team-based ensemble model equally applies in this environment with some modifications for the areas of practice controlled by the home office.

We can try to explain why the independents have adopted the ensemble model more readily. The culture among the large investment firms in the late 1990s was still one of hunting. The firms encouraged and focused on production—that is, sales—and held in high regard those that produced the most (high producers). Production (sales) numbers were made public, rankings were released monthly, and there were many prizes and recognition associated with “hitting the numbers.” Those that hit the number went on lavish trips and were given plaques to put on their desks, and those that missed the numbers were typically “coached” and treated as the main cabin on a trans-Atlantic flight (i.e., don’t you dare use the first-class restrooms). This individualistic culture tended to favor and encourage big egos, and collaboration was simply not a value that was rewarded. In fact, I have met wirehouse advisors who would introduce themselves by their place in the production ranking—for example, “My name is John Scott. I am the third largest producer in our office.” Branch manager compensation was based on production, so not surprisingly managers were not very likely to encourage the teaming of advisors even if the advisors themselves had an interest in doing that.

In contrast, advisors that were starting their own independent firm were often “refugees” from the producer cultures and resented the production-driven mentality. Many of the founders of independent firms left the larger firms precisely because of that sales culture. Many were actually encouraged to leave as they were not producing enough—turns out that they could not hunt deer but they could sure grow turnips.

The second factor for the emergence of ensembles among the independents was simply economic necessity, as startup independent firms had little resources and often needed to pool their limited capital and staff in order to achieve their goals. Many of the future partnerships started essentially as “roommates”—the advisors agreed to share an office and assistant

http://www.pbookshop.com

c01 3 August 2012; 12:40:17

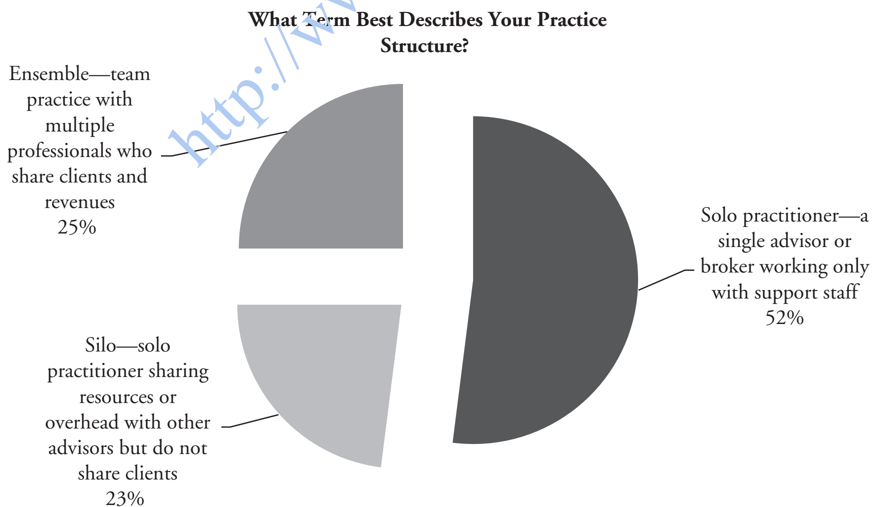
because they could not afford to have their own. What started as sharing agreements often developed into a full-blown partnership; soon they were sharing clients, marketing, revenues, decisions, and ultimately sharing profits.

While the term *ensemble* was initially associated with independent firms, today it applies and is used in many large firms. Many advisors inside large national firms practice as a team with the same characteristics of team-based culture, specialization, and a multiprofessional service model. In fact, many large firms actively promote and encourage their professionals to form teams or join teams. While the producer culture certainly still creates resistance to such team structures, their results have been impressive and undeniable, and firms of every kind recognize them. In fact, even in the 1990s some of the large national firms were researching and experimenting with team-based service models. While for the most part the teams had trouble staying together and overcoming the natural friction that team formation brings, the experiments produced some of the early research and methodology that are still in use.

Today, an estimated 25 percent of all practices in the industry function as ensembles, as shown in Figure 1.1.[5] Ensemble practices continue to be much more prevalent among independent firms with an

http://www.pbookshop.com

FIGURE 1.1 Percentage of Ensembles in the 2011 Registered Rep Compensation Survey



Source: "Registered Rep Compensation Survey 2011," Penton Media

estimated 35 percent of the firms having multiple professionals compared to 15 percent of employee advisors.[6] It is very difficult to test the culture of a team in a survey, and we stated that the true criterion for an ensemble is the use of "our" versus the use of "mine." Still, it is fair to say that the industry is changing and that the future belongs to the ensemble firms. They are attracting more clients than solo-focused firms, and most importantly they are attracting more new professionals—those that are just joining the industry—and they are doing a much better job of growing new talent.

Ensembles Are More Profitable and Valuable

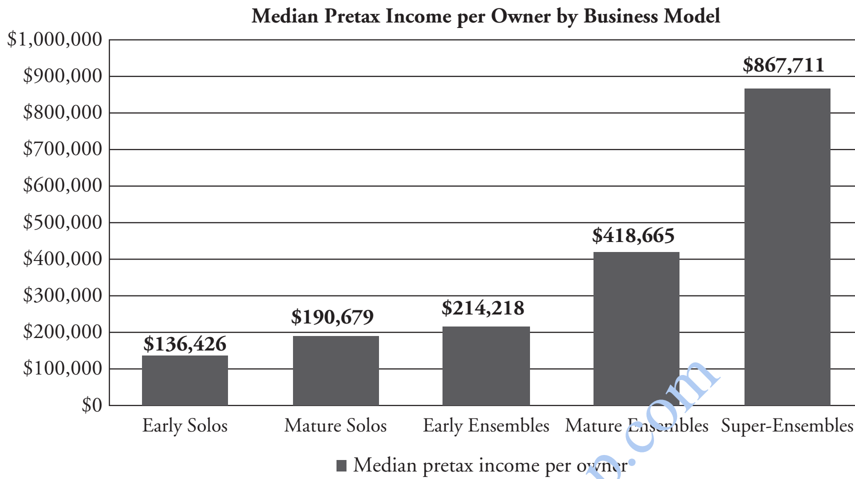
Needless to say, having more clients and revenues is not necessarily a goal in itself—the goal is usually the increase in profits. The simplest measure of profitability in an advisory firm is the pool of income available to the owners of the firm after all other expenses have been paid and capital needs have been met. That pool of income can be paid to the owners in the form of salaries, draws, or distributions, or simply be retained in the firm as capital. The decision of how to distribute the pretax income to partners is based on a combination of tax and compensation factors. For the purpose of discussing profitability, though, we will treat the entire pool available to the owners as a measure of how financially successful the firm is—the larger the pool, the more profitable the firm is. Of course, if a firm of five partners has a pool of pretax income of $1 million, it is by no means more successful than a solo practice with $500,000 in income. Thus we will consider the *pretax income per partner* as a balance measure of the profitability of the firm and its ownership structure.

http://www.pbookshop.com

Based on profits per owner as a measure, ensemble firms significantly outperform their solo peers (and most likely silos) (see Figure 1.2). A "mature" ensemble firm (meaning it is well established and not in transition) generates on average twice the income that a mature solo firm generates based on the results of the 2011 Moss Adams Survey of Financial Performance. That said, we note that mature solo practices actually earn nearly as much as early ensembles—that is, those making the transformation. We will discuss this need to invest in the practice and perhaps forgo some income in the next chapter. Super-ensembles, the largest ensemble firms, outperform mature solo practices by four times the pretax income per owner.

Profits, especially transferable profits, create equity value, and in the last 10 years, financial advisory firms have firmly established their equity value.

FIGURE 1.2 Profit per Owner by Business Model



Source: 2011 Investment News/Moss Adams Adviser Compensation and Staffing Study

http://www.pbookshop.com

There is an active market for advisory practices with reliable and frequently published valuation information. Industry reports from such sources as FP Transitions (a Portland, OR, valuations and transaction support firm) and FA Insight (a Tacoma, WA–based market research firm) put valuations of advisory firms at an all-time high as of the time of writing this book. The number of transactions and the interest from buyers suggest strong liquidity and interest from buyers such as banks, CPA firms, other advisory firms, and consolidators.

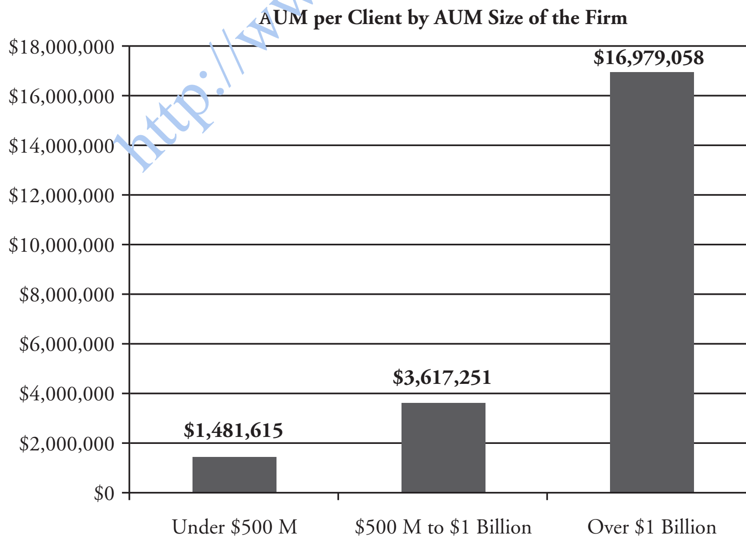
All research reports unequivocally state that firms with multiple professionals are more valuable as measured by the price paid for a dollar of revenue. FP Transitions estimates that the presence of a second professional in the practice can increase the multiple paid for a practice.[7] A research report from FA Insight[8] states that the larger ensemble firms generate interest from the large and well-capitalized institutional buyers such as banks and consolidators while the small silo practices are restricted to smaller buyers with less capital, namely, other advisors. As a result, even if the valuation multiples between solo and ensemble practices do not show a dramatic differential, a deeper look may reveal that while ensembles are often acquired for cash and public company stock, solo practices have to wait for four to five years for a smaller and more risky buyer to make the payments.

It is also interesting to note that both small and large acquirers have learned to recognize the signs of a silo practice (a practice with multiple professionals but no shared infrastructure or economics) and tend to avoid them. While I have no research to support that claim, my conversations with the professionals who lead the acquisition function or advise acquirers point to the fact that acquirers do not want to buy one house only to find that it is really a duplex.[9]

Clients Prefer Ensembles

It is easy to demonstrate that ensemble firms grow faster, attract more clients, and work on average with larger (i.e., higher net worth) clients. There are statistics in virtually every survey supporting this statement. For example, the Top Wealth Managers Survey (Figure 1.3) conducted by Fusion Advisor Network and published by AdvisorOne.com[10] shows that large firms (exclusively ensembles) have relationships that are seven to eight times larger than the smaller firms (mostly solo and silo firms). Still, that does not necessarily mean that clients prefer ensembles, that may simply mean that large ensemble firms are better marketers (they actually are).

FIGURE 1.3 AUM per Client by Firm Size



Source: "2011 Top Wealth Managers Survey" by AdvisorOne

http://www.pbookshop.com

Of the assertions I just made (more profitable, more valuable, and preferred by clients), this is the toughest one to back up. In fact, a U.K. survey done by Scorpio Research[11] actually found that clients prefer to work with one person backed by a small firm rather than with multiple professionals. In fact, intuitively most advisors understand the power of the one-on-one relationship and sometimes struggle believing that an ensemble can still have the same quality of relationships. Does this suggest that perhaps I was wrong and that it is more profitable for the business to involve multiple professionals in the relationship, but that clients would much rather "talk to the doctor directly" (no nurses and physician assistants)?

I personally believe that what clients value is the sense of trust, the sense that they are heard and understood, and that someone is responsible for everything that happens in the relationship. It is much easier to establish those three factors in a one-on-one relationship—after all, "trust me" is easier to develop than "trust us." The solo practice has a very easy time demonstrating that the advisor is listening attentively (no one else is in the room) and that there is a sense of responsibility ("it is just me"). That said, there is certainly a way to establish trust between a team and client and create the same atmosphere of communication and ownership. It will just require better coordination and a more carefully structured exchange of information. It will also require a culture of "everyone is responsible"[12] to alleviate clients' fear that the sense of "caring" will disappear.

http://www.pbookshop.com

Where ensembles shine and clearly have the advantage are two factors that are very important to clients but often overlooked by advisors—expertise and continuity. Where solo advisors often struggle is communicating their expertise in multiple areas to clients. After all, delivering wealth management services[13] requires knowledge of investments, financial planning, taxes, insurance, Social Security, and other laws and multiple other specialized topics. It is difficult to convey that one person knows all there is to know about all of those factors. On the other hand, this is where the specialization of a team is an advantage.

The second factor is "the bus question." Many of the solo advisors I have worked with have told me that clients ask, "Frank, what happens with our accounts and our plans if you get hit by a bus?" This may seem like a very unlikely (statistically speaking) possibility, but this is actually a deep concern of many clients. The concern is not just about the bus (bus drivers are among the most careful drivers you will encounter) but rather about the general possibility that the advisor may not be able to assist the client or may not be available. This includes vacations, illness, family emergencies, and everything else that may make one person unavailable. Relying on one person is

such an unreliable strategy! As my friend and client Kathy Fish says, “A man is not a plan.” The ability of ensembles to create that sense of continuity and reliability is a great advantage and much understood and appreciated by clients.

Should Everyone Be an Ensemble?

Every practice desires to grow, and the reality of the financial advisory industry is that each professional can only work with somewhere between 40 clients (in a high net worth–focused wealth management firm) to 120 clients (in a more average practice with affluent clients). Once that limit is reached, there are only two ways in which professionals can grow their practice and therefore their income: (1) work more hours (most would rather not) or (2) increase the average size of a client relationship (difficult to do).

In my practice as a consultant in the industry, I have seen solo practices achieve amazing size. I have worked with some advisors who single-handedly manage as much as $1 billion in client assets. Those examples, though, are very rare. It is much more typical to see solo advisors hit that ceiling around $1.5 million in total revenues (approximately $150 million in client assets). At the same time, the largest ensemble firms in the industry today are headed for well over $25 million in revenue ($2.5 billion in client assets), and there are ensemble teams inside the national firms that manage as much as $12 billion in client assets.

http://www.pbookshop.com

While ensemble practices hold the promise of faster growth and better personal income for the principals of the team, I am very far from suggesting that every practice should try to become an ensemble. There are three primary reasons why an ensemble practice may not be the right fit for an advisor: the desire to have a higher level of control, preference for more a flexible lifestyle, and relatively small client relationships.

Control is a big factor in the sense of satisfaction and accomplishment that advisors get out of their practice. It is the reason why you are likely to meet many advisors with a small practice of their own who are much happier with what they have than the advisor with the largest practice in the Chicago office of a large national firm. The ability to influence your own environment, the ability to change what you don’t like, and to leave your mark on anything from the software you use to the way you present financial plans to clients is critical to the sense of success an advisor gets from his or her practice. Unfortunately, when you are part of a team you surrender that

control in exchange for the resources and support of the team. If you are insistent on not having to argue your decisions and explain your reasons every step of the way, if you want to be able to do what you feel is right 100 percent of the time, if you want to buy whatever you like without a committee meeting . . . well, an ensemble practice may not be for you since you will have to do all of those things—argue, explain, do things you disagree with, and sit through meetings.

Many practitioners also assign a high value to the balance of life they have—the ability to spend a lot of time with their family, to pursue their personal hobbies and interests, even to work only part-time. This also applies to the cost structure of the practice as such advisors prefer to keep low overhead and not experience the pressure of having to cover a larger bill and therefore maintain high overhead. Clearly, having multiple employees and having other colleagues results in more pressure to maintain a similar workload and contribution, as it is difficult to be lifestyle oriented in an ambitious team of people. Similarly, the costs of an ensemble practice are higher (more on that in Chapter 11) and require the practice to maintain a higher level of revenue.

Surprisingly, the final factor in the ability of a practice to become an ensemble is the size of its typical (target) client. It appears in my experience that there is a certain communication "overhead" that is incurred every time a team of people need to collaborate on a task or a project. Simply put, if an advisor is delegating portions of the client service to his or her team, that process of delegation and communicating what needs to be done will require some time. If, for example, servicing a client requires 20 hours of work in a year, chances are that one or two of those hours will be spent in communication and coordination between the team. This "overhead" of 5 percent to 10 percent (one or two hours out of 20) is pretty reasonable considering the efficiency of using multiple levels of professionals and specialists. Unfortunately, if the entire client service consists of four hours, spending an additional one or two hours communicating and coordinating will be prohibitive.

This is why practices working with smaller clients tend to have a harder time growing into an ensemble while firms that service very large relationships tend, almost by default, to favor a team structure. That's not to say that the team concept is impossible with small relationships, but it is more difficult to execute and requires a very efficient process of communications and service.

We just discussed the reasons why a practice may prefer not to be an ensemble from the perspective of the principals or owners. We should also

http://www.pbookshop.com

discuss the reasons why an ensemble may not be an effective model from the client perspective. As we discussed above, clients have expressed strong preference for being surrounded by a team of practitioners. That said, clients value even higher the sense of relationship they have with the practice—if the client loses that sense of closeness, trust, and understanding, the relationship changes dramatically and not for the better.

It is very difficult in an ensemble to manage the line between team service and impersonal service, and ensembles are always in danger of crossing that line. If clients start feeling that they do not receive much attention from the senior members of the team and start feeling that they are being "delegated," that relationship will be in danger. If clients feel that they are surrounded by many professionals but none of them is really taking the lead in being the proactive driver of services, the relationship may once again suffer. We will discuss this in more depth in Chapter 7 but losing the personal connection with the client is perhaps the biggest danger for ensemble firms.

What's Next and Who Should Read on

This is certainly a book that advocates the ensemble model and aspires to invite you to consider transforming your practice into an ensemble or perhaps fine-tuning the ensemble practice you already have. I hope by the time you turn the final page you are not only convinced that this is a good step for you as an advisor and business owner (the limitations mentioned above not withstanding), but also that you have a clear understanding of the steps in building an effective ensemble practice.

In the next chapters you will find a detailed roadmap to guiding your practice to a team-based service model. Not surprisingly, we will discuss organization and compensation a lot—after all, this is the strength of the ensemble, the ability to unite a group of people behind the practice. We will go through alternative ways of organizing service, compensating people, designing jobs and responsibilities, and structuring partnerships. Along the way we will consider the statistical data available and the research published in the advisory industry as well as in related industries. In fact, it is my belief that the transformation to ensemble practices in the advisory business follows the same process that is already complete in other professions. Just look around the next time you visit your doctor, your dentist, or your CPA. The same process is already complete and very much taken for granted in law firms, in public relations and advertising firms, and in architect firms.

http://www.pbookshop.com

You can find signs of the same business model in veterinary offices and perhaps even in fitness and personal training businesses and upscale hair salons (don't ask me how I know). The point is that the same process of specialization and leverage is universally applicable in most client services as long as the client relationship is large enough and the service is likely to be recurring.

Finally, the ensemble model of service and practice management should be applicable in financial advisory practices of every affiliation model. It should be equally applicable to registered investment advisors (RIAs) who actually use it the most, to advisors affiliated with independent broker-dealers (IBDs), as well as those who are employees of a large national firm (wirehouses). While most of the statistics we will use and much of my personal experience come from the independent side of the industry, there is certainly no reason why a wirehouse team cannot apply the same concepts and techniques in their practice with some minor modifications to account for the factors they can manage as opposed to those managed by the home office (centralized management) of the firm.

The future belongs to ensembles. Ensemble practices have a demonstrated better ability to service clients well, to grow faster, and to attract the best talent. Opportunity is a cycle—firms that have opportunities attract talented people and create wealth. Wealth and people then create more opportunity and the cycle goes on until a drastic change in the firm or the business environment interrupts it. The success of the advisory industry in the last 10 years has attracted a lot of good people and a lot of capital to our industry. The time to capture that momentum is now and the best way to capture it is with a team of like-minded people. Let's examine together how you can do that.

http://www.pbookshop.com

Notes

1. James Trager, "The People's Chronology," 1994.
2. Ibid.
3. Kathleen McBride, "The History of Financial Planning," AdvisorOne, December 1, 2005.
4. "2001 Financial Planning Association Survey of Financial Performance," published by Moss Adams LLP and sponsored by SEI Investments.
5. "The Say on Pay: Registered Reps 2011 Compensation Survey," *Registered Rep Magazine*, December 2011.
6. ibid.

7. James Green, "What's Your Practice Worth? FP Transitions' Latest Findings," AdvisorOne, October 2011.
8. "Real Deals 2010: Definitive Information on Mergers and Acquisitions for Advisors," published by Pershing Advisor Solutions and produced by FA Insight.
9. I should note that some acquirers see an opportunity in the conversion from a duplex to a single-family house, in other words, in helping the firm integrate.
10. "2011 Top Wealth Managers: Staffing and Survey Conclusions," AdvisorOne, August 2011.
11. Lorna Bourke, "Investment clients prefer one adviser backed by small team of experts: Survey, *New Model Adviser*, November 2007.
12. There are very large businesses like The Ritz Hotels and The Wynn Hotels that excel at that sense of "everyone is responsible" on a very large scale.
13. I will be assuming throughout the book that most readers are advisors interested in delivering a wealth management–oriented service to clients rather than only financial planning or just investment management.

http://www.pbookshop.com

c01 3 August 2012; 12:40:18