

# A!

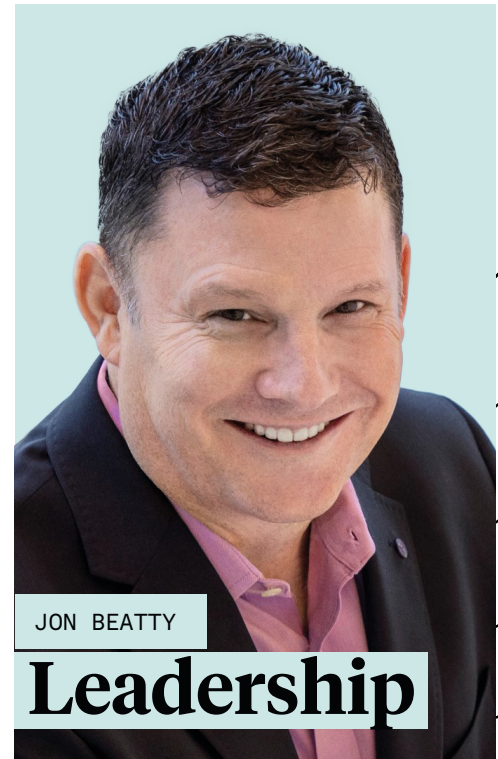
Action!  
Magazine

A MAGAZINE FOR  
PEOPLE WHO GSD  
GET STUFF DONE

Plus:

**Build a  
client  
referral  
strategy**

Create a  
family  
wealth  
mission  
statement



SPECIAL EDITION — SCHWAB IMPACT 2023



# It's five minutes into my first day on the job — and I'm already sweating.

The year is 1992. I'm a service rep.

I'm on the phone with a client. He's lost his cool because it's taking me too long to complete his trading request. After stumbling through the commands on my Quotron machine, I finally get it done.

Calmer, he thanks me with a parting phrase: "Sorry about my frustration. I just really want to get it right for my clients. They are counting on me."

This moment ignited my passion for the advisory business. It provided me with two takeaways I've felt throughout my career.

1. **Alignment.** As fiduciaries, financial advisors truly care about their clients.
1. **The details matter.** When serving financial advisors, the little things make all the difference. Every service provider's actions directly impacts a small business owner – and ultimately his or her clients' experience.

Oh, that company I was working for in 1992? Waterhouse Securities Financial Advisor Services, where I was hired as its third employee. As you might know, Waterhouse ultimately folded into TD and now is Schwab. **So my connection to the independent advisory industry and Schwab goes back 30 years at this point. It's a full-circle moment for me this year at Schwab IMPACT.**

I trust that you will enjoy this issue of Action! magazine. It offers practical advice on how to strengthen your advisory business in all roles.

Have a great time learning new ideas in Philadelphia. And most importantly, **jump into action** to implement them when you return home.

**Rich Cancro**  
CEO and Founder, AdvisorEngine

*Rich*



# It's an exciting time to be an independent advisor.

Now, more than ever, investors are seeking the advice and expertise of a fiduciary as they navigate managing their wealth. As their needs continue to expand, so does the depth and breadth of the advisor and client relationship. Today's financial advisors are delivering value across myriad fronts, from investing expertise in public and private markets and tax optimization, to multigenerational wealth planning and philanthropy.

Running an advisory firm amidst this continually growing and evolving opportunity has become significantly more complex. Schwab IMPACT has always been about bringing the RIA ecosystem together to share best practices, experience the latest technology, build meaningful connections, and discuss the future of the industry, and this year is no different.

The pace of change and growth over the last two decades has transformed this industry, and with change comes new opportunities. To compete and succeed, firms must ensure they are optimizing their operations and embracing the latest technology in order to deliver the best client service and anticipate their clients' needs.

For our part, Schwab Advisor Services is committed to driving RIA success and bolstering the ways in which firms can bring their independence to life. Every day, we're focused on delivering the best insights, tech stack, products and solutions, and a range of services so that advisors can take their business to the next level and have more meaningful connections with their clients.

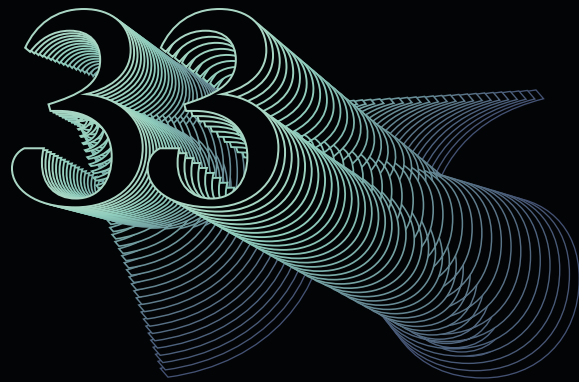
Building independence your way, for your clients, is what Schwab Advisor Services is here to help advisors do – and we're looking forward to evolving alongside you.

**Jonathan S. Beatty,**

Chief Operating Officer, Schwab Advisor Services

## 1 . How many years has the event been happening?

Schwab's first national advisor conference was in 1991, so this is year 33. The event was branded IMPACT for the first time in 1996.



# 5,000

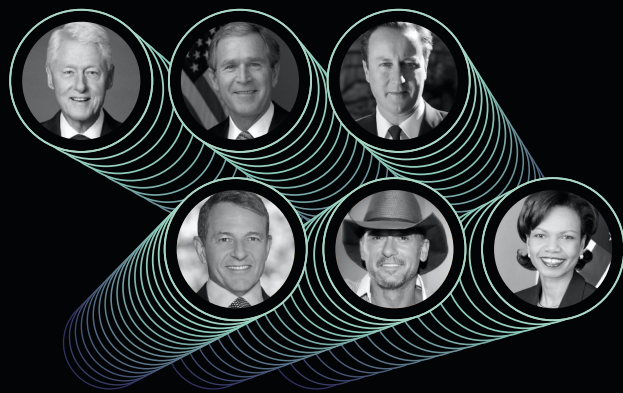
ATTENDEES

## 2 . How many attendees expected in 2023?:

We're on track for over 5,000 attendees this year.

## 3 . What are some major cities that have hosted IMPACT?:

San Francisco, Orlando, NYC, Denver, Washington, Philadelphia, Las Vegas, Seattle, Boston.

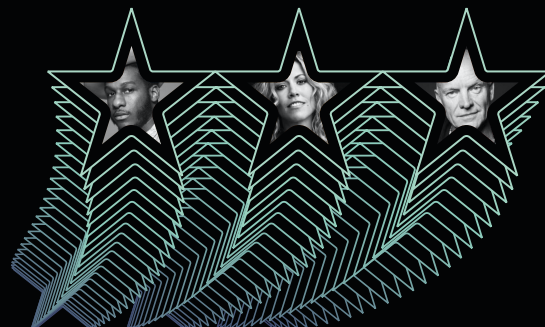


## 4 . Who are some of the famous people who have been featured keynotes at IMPACT?:

Presidents Bill Clinton and George W. Bush; leaders including David Cameron, Janet Yellen, Madeleine Albright, Condoleezza Rice, Tony Blair; celebrities including Bono, Tim McGraw; authors Michael Lewis, David McCullough, Malcolm Gladwell; business leaders including Steve Wynne, Bob Iger.

## 5 . What are some of the noteworthy bands/musicians who have performed at IMPACT?:

Train, Darius Rucker, Leon Bridges, Sheryl Crow, Sting, Jon Bon Jovi, One Republic.



# Jalina Kerr

## On client experience



Jalina Kerr is the managing director of client experience for Schwab Advisor Services. Kerr began her career at Schwab in 1994 on the Advisor Services trading desk. During her tenure at Schwab, Kerr has held roles in client service delivery, operations, advisors in transition, strategy, and technology. She spoke with Action! magazine about what RIAs can do to deliver a digital experience that engages the client. Her question for RIAs: “What is your digital reception like?”

IMAGINE YOU’RE THE HEAD OF A MID-SIZED RIA PRACTICE. WHAT GOALS ARE YOU SETTING TO HELP YOUR FIRM FOCUS ON DELIVERING A GREAT CLIENT EXPERIENCE?

**JALINA KERR:** Exceptional client experience is a carefully calibrated combination of people and technology. From that vantage point, there are a few areas that are important for RIAs to consider:

- Create efficiencies and build scale into your operations – By assessing the business at a granular level,

integrating new capabilities and technologies, and bridging gaps where inconsistencies exist, firms can create more efficiencies and, as a result, spend more time working with their clients. In fact, Schwab’s 2023 RIA Benchmarking Study shows that top-performing firms focusing on strategies that create efficiencies spend around 20% less time annually per client on operations (13 hours) and about 10% more time per client (31 hours) on client service.

- Look for ways to uplevel the digital experience – We’ve seen so much progress in terms of digital adoption. Still, there is always more that can be done, especially when it comes to doing better for clients and creating experiences that feel seamless. Getting people to embrace digital tools and workflows isn’t about using technology for technology’s sake. It is about making a measurable impact for employees and clients in their everyday interactions.

- Humanize the process – Without the right approach, many experiences within financial services can feel transactional, disconnected, and cold. So, it is essential for those looking to enhance the client experience to methodically drive end-to-end process improvement built on your commitment to clients. Advisors depend on the creation of lasting relationships built on trust and an ability to serve as a constant during times of volatility and uncertainty. When the experiences you curate underscore that commitment, it will not only strengthen the relationships you have today but also set the bar for satisfying the clients and relationships of tomorrow.

“While data can be your best friend when trying to troubleshoot and better service from an analytical standpoint, marrying data to client feedback is pivotal.”

HOW DO YOU TALK TO YOUR TEAM AFTER IT RECEIVES GOOD ADVISOR CLIENT FEEDBACK – AND WHEN THERE’S NEGATIVE FEEDBACK?

Feedback is the lifeblood of any client experience or client service role. All feedback — positive and negative - teaches us about what our clients need and whether we are meeting their expectations.

WHAT METRICS DO YOU RELY ON TO TRACK HOW WELL YOUR TEAM IS EXECUTING ON CLIENT REQUESTS?

We are constantly checking in on the progress of our projects, assessing efficiency, and identifying ways in which we can do better. The metrics vary greatly based on the deliverable, but generally, we are looking at access to point-of-entry diagnostics on the user experience within the portal or channel, response time, ease of completion and the sentiment of feedback.

Often, we view data as a means to answer questions, yet an even more powerful application is utilizing data to ask the right questions, especially when it is used to drive process improvement or experiential change. While data can be your best friend when trying to troubleshoot and better service from an analytical standpoint, marrying data to client feedback is pivotal. Data has limitations in that it cannot fully represent the experience someone has or the way it made them feel during the process – good or bad. Firms must listen, learn, and grow when they receive feedback. Doing so will build trust and strengthen relationships.

ADVISORY FIRMS SPEND A LOT OF TIME CURATING THE CLIENT IN-PERSON EXPERIENCE. HOW DO THEY BRING THAT SAME ATTENTION TO DETAIL IN THEIR DIGITAL EXPERIENCE?

Since the opening of the first advisor office, the in-person experience has been very carefully managed. A friendly reception upon arrival, comfortable but professional décor, hospitality, etc. That type of experience became so ingrained into the business that it was nearly impossible to fathom it being done any other way.

The pandemic gave the world no other choice but to find out how. Overnight, advisors needed to keep the lights on and their relationships strong; they needed to think about the digital experience the same way as the in-person experience. What is your digital front door/reception like? Can clients comfortably navigate digital pathways to find what they need? What serves as the long-awaited high-five when a life milestone is achieved?

Over time, through lots of tests and trials, firms found that digital experiences can actually offer comparatively more opportunities for enhanced and personalized experiences than ever before. In addition to the advancements technology brings to the business, there are countless opportunities to connect and communicate.

WHEN YOU EXAMINE THE DIGITAL EXPERIENCE AN ADVISORY FIRM PROVIDES ITS CLIENTS, WHAT IS THE FIRST THING YOU ARE LOOKING FOR?

I consider it “hitting the mark” when the experience is designed in such a way that the client can seamlessly navigate without interruption or channel confusion, quickly identify what they are looking for, and get support when they need it. When I think about my experiences in the retail world, I’ve become attuned to these experiences being curated based on my personal interests, whether that be on their website, in the emails they share, or via their social presence. We

naturally expect the same from digital experiences in any other area of our lives.

## HOW DOES A FIRM BALANCE THE CLIENT'S NEED FOR REAL-TIME SELF-SERVICE AND INFORMATION WITH THE EXPECTATION OF READY ACCESS TO HANDS-ON CARE AND SUPPORT?

The answer: constantly. The advisor/client relationship is a dynamic one. People's lives and needs are constantly changing. Therefore, part of being successful with clients is being able to find and adjust the balance between quick self-service access and hands-on advice.

A great way to ensure that this balance is maintained is to create key business indicators that will highlight places where friction or unmet needs are beginning to emerge. Cycle times, rework trends, and client satisfaction can all help unearth opportunity in setting up the right support ecosystem. Understanding people's digital behavior in your various channels

and marrying that to themes emerging from client listening posts can help identify points of friction and set your firm on a continuous improvement path.

## WHAT ARE THE ELEMENTS OF A SATISFYING AESTHETIC EXPERIENCE, FROM YOUR PERSPECTIVE?

The most satisfying aesthetic experience is one that is friction-free and feels like it is tailor made for me. The key here is to take the time to understand what your unique client set needs and expects, and tailor the experience from there. What information do these clients most often want? How often are they checking their investments? Do they prefer to do so on a computer, a tablet, their phone? How tech-savvy are they in general? Answering these questions allows advisors to pinpoint which investments to make and how to prioritize them, in turn creating a more customized digital experience for their clients, versus taking a one-size-fits-all approach.

# 5 tips to boost your client experience



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**1. Listen, then act** – In a world where communication is king, it is essential to listen openly and untether from your mind's desire to rationalize or defend the feedback. Ensure clients know they are being heard first and then address how you are taking steps to achieve their goals.

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**2. Know where your time goes** - Assessing your business should be a routine practice to ensure it is running efficiently and effectively. This will provide a clear window into allocating your time properly and making sure that enough of it is spent delivering the right client experience.

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**3. Personalize wherever possible** - Whether that means personalizing the tools and capabilities clients have access to or how you deepen your re-

lationship, make sure the experience is unique and curated to meet their needs and interests.

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**4. Think about value-add** – What are clients not asking for but would likely benefit from having? Education is a great example; while not everyone will need it, offering educational webinars and resources, reaching out to local schools and communities as SMEs, etc., can create more informed relationships with clients and connect you with the next generation of investors.

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**5. Remove friction wherever possible** – Clients look to us to help make their experiences easier. Identify ways you can streamline their experience. For example, a single digital destination to do everything at once versus swiveling between platforms.

# Alison Dooher

## Evolution in the advisor tech space

Alison Dooher leads Digital Advisor Solutions, which oversees technology platforms that help the RIAs that custody assets with Schwab serve their clients and increase the scale and efficiency of their business. She spoke with Action! magazine about the tech shifts she has observed in her two decades working with RIAs.

YOU'VE SEEN YOUR SHARE OF ADVISORTECH TOOLS AND PLATFORMS OVER THE YEARS – WHAT'S SURPRISED YOU THE MOST ABOUT HOW TECHNOLOGY HAS EVOLVED IN THE WEALTH MANAGEMENT SPACE?

**ALISON DOOHER:** The expanse and speed of technology development have been incredible. This industry started with Excel spreadsheets, paper-based financial plans, and basic portfolio management tools. And it wasn't even ten years ago that some advisors were concerned that they would be supplanted by robo-advisors and automation – a fear that has not played out. Now, we stand at the edge of AI and machine learning, with technology playing a critical role in client relationships, client experience, and business operations.

Technology has helped advisors in ways we could barely imagine a decade ago. The explosion of tech-driven tools and resources has made it easier for advisors to automate repetitive work, freeing them up to spend more time with clients; it has allowed them to scale their business while maintaining the highest levels of client service, and it has leveled the playing field so that advisor firms of all sizes can effectively grow, compete, and succeed.





YOU MENTIONED THE INDUSTRY STANDING AT THE EDGE OF AI AND MACHINE LEARNING, THE PRECURSOR OF WHICH IS DATA. WHAT EARLY SUCCESSES HAVE YOU SEEN WITH FIRMS USING DATA INSIGHTS TO RUN THEIR BUSINESSES?

We are certainly already seeing RIAs successfully using data to augment, inform and anticipate various aspects of advice delivery. Examples include greater personalization with respect to individual client preferences, needs, and risk tolerance; informing portfolio management decisions; increasing operational efficiency, especially in areas such as compliance and security; and driving action based on data-driven best next steps.

We are also seeing advisors start to look at investing in new tools and resources that can help them aggregate the vast array of data they have on hand and turn it into actionable insights. The early adopters are starting to make meaningful investments in their data capabilities, whether adopting new technology that helps operationalize data, working with outside providers, or even hiring in-house experts to oversee their data operations.

WHEN WE TALK ABOUT DRIVING ADVISORY FIRM EFFICIENCY THROUGH TECH TOOLS, WHAT'S THE ONUS ON FIRM LEADERSHIP TO ENSURE IT ACHIEVES THAT PROMISE OF EFFICIENCY?

Technology adoption is an area where we have paid a lot of attention when working with our RIA clients because it is equal parts understanding the why and the how of all the tools in the tech stack.

To understand the why, leaders need to first step back from the technology itself and make sure that their teams understand why the firm is investing in these tools and how they support the firm's mission and value proposition for clients. Technology should be an enabler of mission and value and a differentiator, not just a path to efficiency. For teams to buy into technology and processes, they need to understand how the decisions around technology connect to what

**“Technology adoption is equal parts understanding the why and the how of all the tools in the tech stack.”**

they are trying to deliver each day to clients. Otherwise, technology is just creating more noise and work.

The how is where leaders need to make decisions that lead to the optimal implementation and training for tech tools. And this means going well beyond a single demo with a vendor. It's about building a tech stack that works symbiotically, comprehensive and ongoing learning, and clear processes for real-time troubleshooting.

We also encourage firm leaders and their operations teams to measure adoption progress with tools like our customizable Technology Adoption Dashboard so that they can fine-tune how the technology is being used and ensure that it is being maximized for operational efficiency and an excellent client experience.

ADVISORTECH IS BEING PROMOTED AS A MEANS TO BOOST FIRM ORGANIC GROWTH AS WELL – IF YOU WERE RUNNING AN RIA, HOW WOULD YOU USE DIGITAL TOOLS TO SUPPORT YOUR GROWTH STRATEGIES?

If organic growth is the priority, I would focus on advisortech that enhances three areas:

1. Client experience: Making it faster and easier for clients to work with the firm. This should begin the moment you onboard the client, by using a 100% digital onboarding and account funding process and should continue with the right mix of people and technology that ensures you can be responsive, accurate and efficient.
2. Personalization: One of the biggest differentiators for RIAs is the advisor/client relationship, and technology is now providing so many new ways to deepen that relationship via personalization.
3. Security: Keeping client information and assets secure is critical. Technology is continuing to evolve – solutions such as digital move money for example - and

is providing new and better ways to help thwart would-be hackers and fraudsters.

These three areas enable clients to feel seen, heard, understood and secure, leading to greater client confidence and stickiness, which in turn drives a willingness to entrust more assets to the advisors and make referrals.

THE SCHWAB RIA BENCHMARKING STUDY NOTED MOST FIRMS REPORTED THE GREATEST ROI FROM PORTFOLIO MANAGEMENT SYSTEMS, CRM AND FINANCIAL PLANNING SOFTWARE. IF A FIRM WANTS TO UPGRADE ITS TOOLSET BUT HAS LIMITED RESOURCES, SHOULD IT FOCUS ON ADDING JUST THESE THREE TOOLS?

The RIA Benchmarking Study provides just that: a benchmark against which firms can evaluate their firms against their peers. It is not intended to be a one-size-fits-all roadmap. The study does tell us, though, that certain core principles drive firm success, one of which is institutionalizing your business through technology and operations so that you can reinvest your time where it matters most – with clients. Using that lens – maximizing time with clients – is critical for informing decisions about the tech solutions that could help improve your operations.

The good news is that the technology ecosystem for today's RIA is incredibly robust and includes powerful solutions available as part of your relationship with your custodian via a wide range of third-party options. So, make sure to explore your options fully to identify the components that will deliver the maximum ROI for your specific needs. IMPACT is a great opportunity to learn more about Schwab's technology offerings and to meet with third-party providers who can help you get the most out of your tech stack.

IN A SHORT SPAN, THE PANDEMIC HELPED INCREASE ADVISOR FIRM PRODUCTIVITY THROUGH DIGITAL ADOPTION, ACCORDING TO THE SCHWAB RIA BENCHMARKING STUDY. HOW THEN WILL ADOPTION OF AI TOOLS IMPACT PRODUCTIVITY IN THE

WEALTH MANAGEMENT SPACE?

I expect generative AI to be transformational in driving advisor productivity and again, create more space and time for the advisor/client relationship. We will see it have a significant impact in areas such as data analysis, risk management, automation, and even customer service (think virtual assistants) – all of which will increase productivity while protecting the advisor-client relationship.

As we have for 50 years, Schwab approaches new technologies focused on the value they can deliver to clients. Schwab and many of the advisors we serve are exploring the potential benefits that generative AI can deliver, and the early results are promising.

**“Make sure to explore your options fully so that you can identify the components that will deliver the maximum ROI for your specific needs.”**



## Lessons learned: TD-Schwab conversion

THE TD-SCHWAB CONVERSION WAS MONUMENTAL – MOVING OVER MORE THAN 7,000 ADVISOR FIRMS, 3.6 MILLION CLIENT ACCOUNTS AND \$1.3 TRILLION IN ASSETS. WHEN YOU REFLECT ON THE WORK DONE IN THE CONVERSION, WHAT ARE SOME OF THE LESSONS YOU ARE TAKING AWAY FROM THE EXPERIENCE?

**ALISON DOOHER:** We're really pleased with the outcome of the transition weekend – and as I reflect on the three-year path that got us here, there are a few things that stand out:

- First, our decision to accelerate our investment in our technology and level up the Schwab Advisor Center experience was essential to creating a smooth experience for TDA advisors. We knew from Day 1 that advisors highly valued the user experience and features that TD Ameritrade offered – Veo One, iRebal, thinkpipes, Model Market Center, and more. We wanted the combined “best of both” platform to preserve the features these advisors prized most, and making every effort to meet their expectations by investing in our capabilities facilitated this process.
- Second, education and communication have been key to ensuring that advisors feel supported through every step of this process. Schwab Advisor Services hosted over 50 integration education events representing nearly 100 hours of content, attended by over 60,000 individuals from over 5,000 firms. We also provided over 30,000 hours of training to TD Ameritrade employees to ensure they felt confident in Schwab's systems and published a comprehensive Transition Planning Guide to help our advisor clients manage change internally. This translated to high levels of advisor engagement and helped minimize friction in the run-up to and following the transition.
- Finally, just because the technical transition is complete doesn't mean our work is done. If anything, this experience motivates us to continue to innovate and enhance our offerings. We are excited to have thousands more firms providing vital input and playing a key role in advancing Schwab Advisor Center to better serve their businesses. We can't wait to take the next steps together.

# Tim Oden: What the last 20 years can teach us about the next 20

Since joining Schwab in 1987, Tim Oden has held numerous positions, including serving as manager for the Schwab Advisor Services™ Trading and Settlement Services department for over ten years. Now senior managing director at Advisor Services, Oden spoke to Action! magazine about the RIA trends he's following that will shape the industry in the future.

WHAT ARE THE OVERALL GROWTH TRENDS IN THE RIA CHANNEL RIGHT NOW THAT YOU'RE PAYING CLOSE ATTENTION TO – AND WHY?

**TIM ODEN:** We continue to see exceptional growth across the RIA industry. This movement has been gaining speed as advisors and investors increasingly seek the benefits of the independent model. Looking at the drivers of this growth today compared to ten years ago, it is notable that many of the core trends haven't changed. For advisors, it is about building a business that can work better for them and their clients; for investors, it is about a relationship with a trusted advisor who they know is working in their best interest all the time.

Today, we are also watching some additional trends that are shaping growth. For advisors, the paths to independence have expanded as the industry has matured, and there is now a vibrant system of technology and capabilities that is supporting, financing and aggregating RIAs.

On the investor side, the ranks of ultra-high-net-worth individuals and



families are also growing, while industry innovations that are driving new levels of personalization are allowing RIAs to deepen relationships with these clients. As we start to see the expected wealth transfer from Baby Boomers to the next generations, these deep client relationships will be invaluable to advisors looking to expand across families.

**WE'VE RECENTLY SEEN SEVERAL LONG-STANDING, LARGE TEAMS LEAVE WIRE-HOUSES TOGETHER TO START THEIR OWN PRACTICES, STARTING OFF WITH CONSIDERABLE ASSETS AS A RESULT. IS THERE SAFETY IN NUMBERS, AND DOES THAT MAKE IT EASIER TO MAKE THE JUMP?**

The independent channel is consistently attracting advisors of all types and sizes, from the sophisticated, large firms breaking from the captive model to newly formed RIAs beginning their firms in the independent model from the outset. All are looking to take control of their futures and offer their clients better advice and service models.

That said, the movement of large teams is certainly notable in the past few years. The value of the independent model and the mature ecosystem that now exists has allowed very large, very complex teams to move to this model.

From our perspective, this section of the market continues to expand very quickly. These teams see independence as the solution to the limitations around their current choices and level of control, and they recognize that their clients, wealth owners, have a strong preference for the fiduciary model.

**WHEN YOU TALK TO ADVISORS CONSIDERING GOING INDEPENDENT, WHAT ARE THEIR BIGGEST CONCERNS, AS WELL AS THEIR TOP PRIORITIES?**

Our conversations with advisors considering independence start with understanding their individual vision of independence. Every advisor has a different vision of the firm they want to build, and to get there, they can take many different paths. Do they

want to start their own firm or join an existing firm? Is this move part of a succession plan? Do they want to be independent but not have to handle the operational/back-office aspects of running an RIA firm? How will they brand and position themselves?

This conversation also helps surface key priorities and concerns, so that we can work with them to navigate the choices and resources that let them establish their independence in the way that will best serve their clients today and in the future.

The top concern revolves around an advisor's ability to retain clients. "Will my clients follow me?" This is the most common question we hear, and for obvious reasons: Advisors are in the relationship business, and retaining those relationships is critical for their long-term success. We have a great deal of experience earned over a very long time, and the good news is, clients will follow an advisor they trust when they move to the independent channel – and for the reasons you would expect. Clients value the trusted relationship as much as the advisor!

Among the top priorities we are hearing among today's breakaway advisors: evaluating the incredible diversity of financing options, ensuring they are building a sustainable business model, finding and keeping talent, and building the right operational tech stack.

**“Among the top priorities among today’s breakaway advisors: evaluating the incredible diversity of financing options, ensuring they are building a sustainable business model, finding and keeping talent, and building the right operational tech stack.”**

FOR THOSE CONSIDERING INDEPENDENCE – WHAT OPTIONS DO THEY HAVE? WHAT’S CHANGED IN THE PATH TO INDEPENDENCE COMPARED TO THE PAST DECADE, AND HOW CAN THEY CHOOSE AN APPROACH THAT SUPPORTS THEIR GOALS?

The biggest change in the past decade is the variety of ways in which advisors can pursue the independent model, which has opened so many more opportunities for growth and success.

For example, when considering independence today, an advisor can join an existing RIA firm as an employee, manage an office of an existing RIA, or start their own firm. If starting their own firm, they have a greater number of ways to access financing, including working with an equity partner that specializes in the RIA industry. They also have the ability to choose best-in-class partnerships that support a variety of operations, technology, and product needs while maintaining their own firm.

The depth and breadth of options available to advisors considering independence are almost limitless compared to 10 years ago.

PRIVATE EQUITY IS INCREASINGLY INTERESTED IN THE RIA SPACE, AND TECHNOLOGY AND COMPLIANCE DEMANDS OF RIAs ARE EVOLVING TOO. WHAT DO WOULD-BE INDEPENDENTS NEED TO UNDERSTAND ABOUT THE ECOSYSTEM OF SUPPORT THAT’S AVAILABLE TO THEM?

They need to understand that it is not just growing, but also very dynamic. As I mentioned before, the options are almost limitless! This presents a lot of opportunities, but can also be overwhelming when first trying to consider how to set up your business. This is where the custodian can really help. We have the vantage point to be able to help advisors consider the wide range of choices and determine which ones make the most sense for their vision of independence.

FOR ADVISORS WHO HAVE NEVER HAD TO MANAGE COMPLIANCE AND TECHNOLOGY

ISSUES, HOW CAN THEY BECOME BETTER AT UNDERSTANDING THE CHALLENGES INVOLVED IN MANAGING THOSE ASPECTS OF AN RIA?

Managing compliance and technology are critical aspects of running an RIA practice and every advisor needs to be deliberate about how these areas will be managed in their business.

Again though, the RIA ecosystem is continuing to make this easier for advisors to do, even if they have no previous experience. For example, as a custodian, we have extensive consulting and business management resources that clients can use to educate themselves and develop the right operational structures. Third-party technology providers also play an important role here, with many of them providing workshops and other events where advisors can get hands-on with the technologies.

Finally, there are critical differences between the independent model and being affiliated with a broker-dealer. RIAs are held to a different standard as fiduciaries, which simplifies oversight and control functions and makes it easier for advisors to focus on their clients and to do what is in their clients’ best interests. This area is often the most concerning for new advisors, but in practice, is far less cumbersome.

WHAT ADVICE ARE YOU GIVING ADVISORS TRANSITIONING TO INDEPENDENCE, PARTICULARLY WITH REGARDS TO ALLOCATING FIRM EQUITY AND DETERMINING COMPENSATION?

Many advisors move to independence with the support and financing of an equity partner. If you decide to take this approach, make sure you are clear upfront about the equity partner’s involvement. For example, will it be passive, consultative, or more hands-on? What is their investment objective and over what time frame?

There are some real benefits of shared ownership: monetizing a piece of your business upfront, expanding your access to resources beyond just capital, continuity planning and the ability to share risks. The key with shared ownership goes well beyond the dollars and

cents; far more important is aligning values and roles so both parties function well together after the deal is consummated. It's all about finding the right balance.

## FINALLY – WHAT DOES THE RIA INDUSTRY LOOK LIKE IN THE NEXT DECADE?

The growth momentum will certainly continue. There is a huge market opportunity for advice – more than \$1.2 trillion still sitting in the captive advice model – so this industry continues to have a very long runway. And there will continue to be advisors of all sizes providing independent advice.

Also, personalization – from the advisor/client relationship, to products and solutions, to client experience – will continue to evolve, especially as advisors actively incorporate strategies for leveraging AI and data. In fact, personalization will become one of the defining aspects of how an RIA differentiates itself, and something that needs to be considered strategically and operationally when first establishing a firm.

**“Personalization – from the advisor/client relationship, to products and solutions, to client experience – will continue to evolve.”**

Finally, I believe we are in a momentum of transition for this industry. We have a generational transfer of wealth underway, and a generation of RIAs who are now reaching retirement and looking to the next generation of advisors to continue their business. These shifts will bring new perspectives, more diversity, changing expectations and greater opportunities.



## What's owed to advisor pioneers

**TIM ODEN:** In the early days of this industry, Schwab worked with a small number of forward-thinking advisors looking for alternatives to the “brokerage” model. We locked arms with these visionary advisors in an attempt to create a platform that amplified their incredible focus to better serve their clients. They provided us with critical feedback – which at times, was incredibly rewarding, but also occasionally painful to hear – about gaps in the products, technology, and service they needed to better serve clients and better compete with affiliated models.

The efforts of these early adopters have led to the incredible ecosystem of services, products, technology and thought leadership that exists today. Advisors considering independence now are direct beneficiaries of these pioneers and have tremendous options available to them. These options allow advisors to take control of who they work with, what they value, how they deliver services, and what impact they have on their clients, their employees and their communities. For as far as the industry has come, the opportunities for advisors are as vibrant today as they were 10, 20 or even 30 years ago.





KRISTIN MEZA

# The accidental financial planner

Experiencing financial hardships in life at an early age led Alicia Vande Ven to discover financial planning as a second career path.

Alicia Vande Ven's path toward a career in financial planning began only after a successful first chapter of her career in human resources and after taking time to raise her kids.

Her path wasn't a straight line, but finances had had a powerful influence on her life that set her on this course, long before she ever knew financial planning was even a profession.

## AFFECTED BY FINANCE EARLY IN LIFE

Growing up, Alicia watched her mom struggle with money and declare bankruptcy due to medical debt.

By high school Alicia was financially independent. She worked her way through college by taking advantage of government loans and grants. During this time, Alicia took an elective personal finance class

and mastered Excel to meticulously budget her student loans and wages so she wouldn't run out of money before the end of the semester, eventually earning a degree in Marketing from the University of Wisconsin-La Crosse.

"At that point I didn't know that financial planning was a profession. I thought financial services only entailed selling insurance or investments and I knew that was something that I didn't want to do," said Alicia.

Armed with a degree from four years of college and with a summer spent cold calling for car insurance under her belt, Alicia's first job out of college was working in human resources for a healthcare software company. After that, she spent 10 years as a stay-at-home mom.

However, it was dealing with the financial fallout from her grandmother passing away that ultimately



led Alicia to pursue graduate school and enter the financial planning profession.

Alicia's grandmother had left the remainder of her retirement savings, managed by a lawyer with a brokerage license, to Alicia's mother and her two siblings. Going it alone, Alicia's mother was unknowingly paying high fees and sales charges and Alicia was left trying to help guide her through understanding the investments she had inherited which weren't appropriate for her. At Alicia's urging, her mom found a fee-only financial planner.

"Dealing with finances under the best of circumstances can be overwhelming. Supporting my own mother through the loss of my grandmother and the financial implication that came along with the loss of a loved one was when I realized that I had this desire to help others and share my knowledge," said Alicia.

Alicia said she read about the Certified Financial Planner (CFP) designation and learned of the rigorous requirements for education and experience to become certified. "This, to me, was the holy grail of financial planning," explained Alicia. "It just clicked, and I knew that this is what I wanted to become. I researched education programs and applied to Kansas State to earn my master's degree in Personal Financial Planning." She also started volunteering as a Financial Coach.

Going back to work after nearly 11 years was an exciting and daunting prospect. And it was also a career change.

"I was fortunate enough to be in a position where I didn't have to work," said Alicia. "My desire to reenter the workforce had more to do with my need to get out of the house (especially after COVID), be intellectually challenged, and have a positive impact on the lives and finances of others. Financial planning, done right, is a helping profession, and I couldn't wait to help people."

## DEMOGRAPHIC SHIFTS ARE CHANGING THE LANDSCAPE

There are many ways to look at the term diversity, but career changers offer the unique experience of another area of expertise and way of thinking. Career changers extend across gender, culture, and generations.

Walkner Condon Financial Advisors embodies this. Few at the firm have come from the traditional finance path. The firm is made up of former lawyers, professors, engineers, and the non-profit space.

**"When she was ready to return to the workforce full-time, she obtained the knowledge necessary to hit the ground running before she started looking for firms to join. That just says so much about who she is as a person."**

**- Clint Walkner**

Founding partner of Walker Condon

Like many firms, Walkner Condon was growing quickly, and knew that within the next couple of years it would be approaching a client-servicing challenge.

While not actively recruiting, Clint Walkner, founding partner of Walker Condon, tapped Schwab's RIA-Connect to peruse potential candidates—and that's where Alicia's profile came up.

Clint said he saw Alicia had just passed her CFP and obtained her master's degree. Being a career changer along with her education in personal finance and pursuit of a CFP designation, showed Clint she was very serious about this field and could be a perfect fit for the firm.

"Two words: life experience! I loved the fact that Alicia took time off to raise her kids after leaving a very successful first chapter of her career," said Clint. "When she was ready to return to the workforce full-time, she obtained the knowledge necessary to hit the ground running before she started looking for firms to join. That just says so much about who she is as a person."

## WHY FINANCIAL PLANNING IS APPEALING TO MORE CAREER CHANGERS

For some career changers, getting a job in the financial advice industry can be an attractive option for various reasons.

Schwab's 2022 RIA Benchmarking Study found that compensation is still the most valued benefit, while some things considered more-traditional benefits (retirement plans, medical insurance) are merely table stakes. With the Covid-19 pandemic leading to greater flexibility, combined with the changing demographics of the workforce, non-traditional benefits such as unlimited PTO, flexible work arrangements and remote work have become increasingly more important.

Firm culture, career pathing and professional development, and flexibility have come more into focus. According to the study, 70% of firms offer remote work, 66% offer flexible work schedules, and nearly 20% of firms offer unlimited PTO, two times more

than five years ago.

"I don't think I came into this career thinking there would be a lot of flexibility or work/life balance, but I've been pleasantly surprised by the flexibility and balance that it has offered," said Alicia. "I come into the office most days and I enjoy the close-knit environment, but I have the flexibility to work from home on days that I need to as well.

Our firm is on the younger side, so many others here have younger kids and are in the same place as me trying to balance the responsibilities of work and home life."

"There are lots of challenges in finding new talent, particularly because it seems like there are two

70%

OF FIRMS OFFER REMOTE WORK, 66% OFFER FLEXIBLE WORK SCHEDULES, AND NEARLY 20% OF FIRMS OFFER UNLIMITED PTO, TWO TIMES MORE THAN FIVE YEARS AGO.

paths—you identify really bright people with very little direct financial planning experience and you spend time [and resources] training them, or you take someone who has experience that is looking to make a

move. The inexperienced person is going to take a lot of time and effort, and you must be willing to support them [at an economic loss] for as long as it takes if they are a good fit," said Clint.

A big part of that is simply creating more awareness of the RIA profession and creating pathways to the industry.

Awareness of the RIA profession is low outside the industry, yet interest grows the more people know about it.

"Recruiting is mostly a word-of-mouth exercise, which is helpful for finding experienced advisors. This can be a bit of a challenge when you are seeking - candidates with varied experience, transferable skills, and diverse candidates, which is where tools like Schwab's RIAConnect -program can be particularly useful," said Clint.

# If you can dream it, you can achieve it

Despite being born without hands or feet, Tony Volpentest was able to achieve his dream of becoming an elite runner

CHELSEY SLEATOR

We've all entertained the idea of who would play us in the movie adaptation of our life. And while for most of us it's a fun fantasy, for Tony Volpentest, it's a real-life discussion he's currently having with movie executives who plan to produce the story of his amazing life.

Tony lives by the motto "If you can dream it, you can achieve it." Born without hands or feet, Tony was told that he'd have to rely on his brain to make a successful life. However, not one to be held back, Tony dared to achieve his dream of becoming an elite runner and Olympic champion.

## SEEKING A PLACE TO BELONG

After having spent his early education at a small Catholic school, Tony struggled with the transition to a large public high school. There was the general awkwardness of being a teenager, compounded by the fact that he was the new guy, not to mention that he

had physical disabilities that caused kids to stare. He needed a way to meet people.

"Nobody got cut from the track team," explains Tony regarding his decision to take up athletics. "So, I decided to join, and I stuck with it."

Tony came in last every single race. Without prosthetics he had a three-inch difference in the length of his legs, which caused him to run with a kind of gallop. He explains that it was like trying to run on his heels, and that it was very, very slow.

"But I didn't care," explains Tony of that time. "I was having so much fun meeting people. And I'm glad I stuck with it long enough for the technology to become available."

## FROM LAST PLACE TO THE OLYMPICS

The technology Tony is referring to is the development of a prosthetic made of carbon fiber that is sometimes referred to as a "blade." While there are many

**“I want people to know that they don’t have to be afraid to ask questions of people with disabilities. Ask questions; don’t make assumptions. And maybe hold the door open if you see me coming”**

**- Tony Volpentest,**  
Schwab Technology Services



models available now, the blade was first developed in the mid '80s, and Tony received a pair his junior year of high school.

“All of a sudden, I saw my times start to drop,” explains Tony regarding the impact on his racing. “By the time I got to my senior year, I still never won a race, but I got second and third a lot. And I found out my times were not far off the Paralympic world records.”

So, Tony found a coach and pursued a dream of becoming a professional athlete. In 1990, at the age of 17, Tony entered the international racing scene when he won three gold medals at the World Championships for the Disabled in St. Etienne, France.

Tony then went on to set two world records and win two golds and a silver medal at the 1992 Paralympic Games in Barcelona. He backed these wins up at the 1996 Paralympics in Atlanta, with two more golds plus another world record in the 100 meters.

“I was always told I would have to rely solely on my brain to achieve success,” says Tony. “But I had a different dream, and I became a full-time paid athlete.”

## A CULTURE OF SUPPORT

After over a decade as an athlete, Tony decided to listen to his body and start to slow down. He'd always enjoyed tinkering with technology, which led him to a contractor position at Schwab where he helped the company prepare for Y2K. Next, he took a few other contract roles with Schwab before he found a permanent position in 2007 and has stayed with the company since then.

"The culture is what keeps me here," explains Tony, who is currently working as a systems engineer with Schwab Technology Services. "Schwab is very arms open when it comes to acceptance and support."

In fact, Schwab was recently awarded with a 100% rating on the 2022 Disability Equality Index (DEI), the third year in a row, giving the company the distinction of being recognized as a "Best Place to Work for Disability Inclusion."

## IF YOU DREAM IT, YOU CAN ACHIEVE IT

Tony believes the mindset "If you can dream it, you can achieve it" is the lasting legacy of his athletic career.

"The concept of putting your energy out into the universe and then making the decisions to drive you down that path didn't exist in the '90s," explains Tony. "But I believed in it early, and it's this mindset that has driven me way past my athletics into my personal life with my family and my career and my future."

While Tony's looking forward to seeing the future feature film portraying his life, he's more focused on visualizing his next dream.

"Well, I would like to retire someday," explains Tony.



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# Artificial Intelligence: The Power and the Perils

**The Artificial Intelligence genie isn't going back in the bottle, so how do individuals, companies, and governments harness its power while mitigating inherent risks?**

Bashar Abouseido, Schwab's chief information security officer, joined Michael Townsend, Schwab's managing director of legislative and regulatory affairs, on the podcast WashingtonWise to discuss what AI is, how it is currently being used, and the emerging real-world applications that will enhance productivity, customer service, and the quality of information.

The following transcript has been edited for brevity and clarity.

To listen to the full conversation, visit: <https://www.schwab.com/learn/story/artificial-intelligence-power-and-perils>

**MIKE TOWNSEND:** Let's just start with the most basic of questions. What is AI, and how is it currently being used that we may not have even noticed?

**BASHAR ABOUSEIDO:**

Let me start with what AI isn't. AI is not magic. Basically, we leverage computers and machines to turn

everything into mathematical formulas, run complex mathematical problems, in an attempt to predict the next number. So we use lots of math, science, and probability to try to predict that next outcome that's going to happen from a math perspective. So AI, itself, as a science, is not new.

Let me give you some examples. We've seen that technology used in planes, as we see very large, complex planes travel fully automated, leveraging computers, leveraging and processing the data, and being able to basically safely take us from one place to another. We've seen it also leveraged in robots in manufacturing, so we can improve productivity and efficiency and allow humans to be leveraged for better things, instead of the standard manual labor that we had in the past. We've seen it even in movies and articles about Deep Blue and how Watson and the various computer models were able to actually work and play the chess game against the top chess players in the world. And it was fascinating to see that, actually, computers were prevailing in many situations where we thought it was impossible, but it was mimicking human behavior. So it's been there for a while.

I think what's fascinating is the fact that we've seen some tangible and important advancements that have come to light in the last 10 to 20 years, making AI more accessible at the individual level. In the past, it was only accessible to large, commercial corporations that

were able to afford getting access to that data. But now, with the variety of different advances that we've seen around natural language processing — being able to speak to it with a simplicity of just asking a question and getting very, very interesting, valuable, meaningful responses in a very timely fashion — those type of advancements have made this a lot more tangible to the regular person, for you and I. In addition to that, there are many factors involved, as well. We're seeing lots of advances in technology from chip manufacturers doing things faster, better, more processing power, more accessibility, and commercially reasonable solutions in the backend from a computing perspective, and many areas where we've been also gaining quite a bit at collecting more information where we can make better decisions leveraging these capabilities.

**MIKE:** What do you see as some of the near-term applications that businesses are embracing, and what are those key benefits to consumers that we can look forward to?

**BASHAR:** There are areas where AI can influence innovation and accelerate knowledge across many organizations. In particular, the biggest and interesting part is what I call the blank page kind of challenge that we have. What's interesting is if I can leverage AI by asking AI to help me with some ideas in particular spaces. For example, if I want to write a new email, if I want to start a new marketing campaign, to write a contract or even a software program, wouldn't it be really nice to be able to ask AI about what's possible here, where should I start, and get some ideas that will allow me to get going so I can get a head start, instead of starting from scratch?

But I think there are other ideas and areas where we can leverage AI to help us improve in the day-to-day and in terms of different areas of our economy and our society. I think, in particular, we can leverage it, just like we've seen the use of technology to allow us to gain significant and substantial productivity within the economy. The whole science of AI is about making machines think and process data like the human brain does. If we're able to do that, to offload many of the repetitive lower-level things to machines to do that work

**“We will address the talent and skill level challenge that we have in so many areas of the economy.”**

**- Bashar Abouseido**

Schwab's chief information security officer

for us, that will make us a lot more productive. It will save us a ton of time, and it will reserve that important human brain for bigger and more complex and innovative challenges.

The second part, in my opinion, is we will also address the talent and skill level challenge that we have in so many areas of the economy. For example, you require a significant level of skill and education to get into healthcare, to be able to respond to the demands within the healthcare system. If I'm able to allow machines to process the majority of the data and help me with some of the decisions, that means I can take more of the resources that don't have those skills and allow them to leverage AI to produce the same outcomes. And so on and so forth. We can apply that to finance. We can apply that to manufacturing. We can apply it to customer service. If we look at the big picture, the possibilities and potentials are limitless in my opinion, but that comes with both cost benefits and some downside, as well.

**MIKE:** Are there certain parts of our economy, certain types of businesses, where you think AI will really be transformational?

**BASHAR:** In customer service, AI can aid human customer service agents to support and provide helpful resources or solutions to customer questions and do that a lot faster. AI can supplement high call volumes, so more customers can get that answer that they're looking for a lot faster.

We can also apply that to financial planning, for example. Your AI assistant will be able to look at your

portfolio, look for opportunities based on your age, your goals, where you want to be, and identify those opportunities within the context of the marketplace to say, "Hey, listen, I think you should look at these possibilities of maybe changing your structure of portfolio, some opportunities and ideas for you to discuss in the next meeting that you have with your financial advisor." And now, instead of going with a blank kind of set of objectives to your advisor, you can have specific questions and ideas you want to discuss so you can gain more productivity for the time that you use with your financial advisor or wealth advisor.

**MIKE:** Let's talk a little bit about the downside. What keeps you awake at night?

**BASHAR:** We need to understand exactly what type of data is being fed to the models and to the data science behind AI and machine learning, so we understand how the computer or AI was able to generate some of the recommendations. So we need a little bit more of that transparency. We also know that models and computers basically get trained by humans, and eventually what you'll see is that they will produce some biases or occasionally come back with the wrong answer. How do we account and be prepared to understand when what the computer is producing is a good outcome or is a questionable outcome? And are we careful enough in terms of the decisions we base on the recommendations and predictions generated by AI, are we able to understand whether there is a bias associated with that or not? Are we aware of the type of risks that we're dealing with? Because even in perfect conditions in applications of AI, like we've had with planes or manufacturing or autopilots and cars, we still see accidents. But the frequency of those occurrences can be highly mitigated by continuing to train the computer and putting controls around the usage of what type of decisions and how do we override these models.

So humans, ultimately, have the accountability for what decisions are being made, and we're very well aware from a risk appetite perspective, how much risk we're willing to take versus the productivity that we gain. All of that are fascinating points of views that we need to consider and look at and evaluate as a society

as we continue to leverage that science and continue to try to get more of the upside and minimize the downside of that science.

**MIKE:** As you look at your role as a chief information security officer, what are the main risks and challenges that you and your peers, both inside the financial services world and at other types of businesses, are facing in order to kind of balance improving the customer experience?

**BASHAR:** The key, in my opinion, is to make sure that we understand how the science works and the type of applications and use cases we have that we can get value from. But we have to also realize that the bad guys, let me just say for example in cybersecurity, the concern I have is the bad guys will also get access to the same level of capabilities. I'll just give you a quick nugget of information here. When we have a digital process and we put it on the Internet, it used to take anywhere between four weeks to six weeks for the bad guys to map the digital process, to understand the technology we use, and to find weaknesses in trying to exploit that level of vulnerability or weakness they identified. Now with technology and all the tooling and capabilities and public cloud, it takes them less than five minutes to recognize, map the process, and exploit the process. So they're leveraging AI and machine learning just like we do. And it will help them also be more efficient, and it will help them accelerate the bad things that they want to do to get around the controls and processes and the good mission that we have.

We have to always be aware that computers will have biases. We have to be aware that computers will have to have some transparency and guidance from us. So the question here is how do we get the best out of that technology... by putting appropriate governance and being able to be fully transparent in reporting what goes to the machine versus where the human is taking the accountability for the decisions that we make. And we have to differentiate between public AI capabilities and private AI capabilities, and how those are being controlled to allow us to achieve the positive outcomes that we want from that technology.





# Everyone can be a better leader. Here's how.

JAMES RICHTER

Not everyone wants to be a CEO, but almost everyone aspires to be a better leader in some aspect of their lives. Many aim to manage a great team or climb the corporate ladder all the way to the executive ranks. Others may simply want to lead in their communities or be a better parent. The challenge, of course, is how to actually get there.

All sorts of perfectly valid leadership models exist, says Dr. Suzanne Peterson, an associate professor at the Thunderbird School of Global Management at Arizona State University. The problem with so many of these models is that they leave people wondering what practical steps to take. It's a challenge Suzanne sees many leaders struggle with in her work as an executive coach.

"So, you want to be a servant, an authentic, or an

inspirational leader," she says, "but what do you actually do on Monday to make this happen? That's the problem with leadership models, theories, and frameworks—they aren't actionable."

What makes someone a great leader?

Great business leaders will always have the pressure and expectation of driving superior results, according to Suzanne. They need to know how to manage their time and priorities while holding themselves and others accountable. They should be able to deliver candid feedback with the right tone, clearly communicate strategy, make careful decisions, conduct productive meetings, and more. "That's the competent side of great leadership," she says.

At the same time, the best leaders inspire loyalty and commitment from others. In addition to knowing how to select great talent for their team, leaders must also be skilled at rooting for those people, recognizing their strengths, and helping them grow professionally. This core competency involves long-term relationship-building, Suzanne says, and people will naturally follow someone who excels at this. It's also what creates culture.

“It’s a tall order,” she explains, “because great leaders have to constantly balance both sides of the coin. It’s not enough to be highly competent; they must also be good at building relationships and inspiring others around them. And if they’re great at recognizing and driving followership, but they can’t execute a strategy, run an efficient meeting, or exercise good judgment, then they’re not effective either.”

If you want to increase your capacity for leadership (and help others perceive you as a great leader), Suzanne recommends focusing on three key routines.

## 1. FLEX YOUR LEADERSHIP STYLE.

When it comes to leadership, style matters as much as substance. “But it’s not about changing your personality or who you are. Personality is largely unchangeable,” says Suzanne. Rather, she says, it’s about adjusting a set of behaviors or habits you engage in consistently — the ones that govern what you do in certain situations.

For example, consider leaders who have brilliant ideas, yet team members find their style of delivery to be aggressive or arrogant and not at all reflective of a collaborative culture. On the other end of the spectrum, there are leaders whose ideas go unheard because they are tentative in how they speak and don’t seem to exude a confident presence. Either way, too aggressive or too passive, their communication style causes others to perceive these individuals as less effectual than they could be.

According to Suzanne, overcoming leadership style challenges often means focusing on making small behavior changes. Here are some examples:

- Interrupting less often
- Listening more than you talk
- Providing affirmation for people’s ideas
- Asking more questions
- Using stronger language when you feel passionate about something (e.g., something is fantastic rather than merely good)
- Avoiding too many qualifiers (e.g., I feel, it might, probably, maybe)

- Using “we” language instead of “I” language to show inclusiveness versus your personal opinion

Be aware, however, that the changes you make may need to shift depending on the circumstances. So, in one meeting or conversation with colleagues, you may want them to perceive you as a huge supporter who understands their perspectives. That would call for different style markers than in other interactions—for example, in situations where you want to convey a sense of urgency or conviction in your own viewpoint.

Again, it’s not about changing who you are. It’s about making minor adjustments to your style to make a noticeable impact.

## 2. TAKE AND GIVE FEEDBACK GRACEFULLY.

Another thing all great leaders have in common is that they take and give feedback well. “Leaders should never be above receiving feedback from anyone,” says Suzanne. “Even if you don’t agree with it, you still have to be gracious.” If you’re labeled as someone who doesn’t take feedback well, you increase the risk that others may stop bothering to give it.

“Feedback is simply the best way to improve your leadership skills,” she says, “and all great leaders believe they have a duty to ask for and receive feedback from their teams.”

When it comes to giving feedback, the key is to deliver it in a way that is both candid and relational. Feedback conversations must be developmental versus purely evaluative. This means ensuring your team understands how they can do better instead of simply learning that they did not quite measure up. It also means balancing positive feedback with constructive criticism, so that team members believe you are just as willing to recognize what they do well as you are to point out how they can improve.

## PUT IN EXTRA EFFORT FOR A HYBRID WORK ENVIRONMENT.

The transition to fully remote or hybrid work has made



it more difficult for many leaders to build and maintain relationships, Suzanne says. “That doesn’t mean they’re not nice, sociable people who are good in the moment,” she explains. “It’s just that being relational requires a strategy.” For example, you can meet for lunch with someone and have a great interaction, but you also need to have reasons to follow up and maintain frequency of contact over time.

Suzanne admits that innovation is also a challenge for most leaders in this new environment. “It’s harder to say, ‘Hey, I had this quick idea. Do you want to talk about it?’” she says. In fact, many people avoid sharing their ideas altogether because it means scheduling a call or video chat to discuss it. As a result, the inspiration behind collaboration and “war room” discussion fades.

In fact, many people avoid sharing their ideas altogether because it means scheduling a call or video chat to discuss it. As a result, the inspiration behind collaboration and “war room” discussion fades. Still, if you’re building, growing, and nurturing relationships with your colleagues with regular communication, Suzanne says you can capture those moments of innovation even when working remotely..

**“Good leadership is not about doing more. You just need to do a few things differently.”**

**- Dr. Suzanne Peterson**



# Five keys to building a successful referral strategy

Firms that grow faster than the industry averages take a deliberate approach to generating referrals. They have put a strategy into everyday practice. While they may vary in execution, their strategies are generally founded on five common principles.

## 01. FOCUS ON YOUR IDEAL CLIENTS

Who is the ideal client for your firm? For what type of person does your firm do its best work? This is who you want to attract to your business. Most advisors identify their target clients in one of two ways:

Most commonly, a firm's ideal client already exists within its book of business. Firms recognize that they have been successful at attracting and serving a certain type of client and can focus their efforts on attracting more of them.

In other cases, they intentionally shift their business model toward a specific ideal persona as part of their strategy. For example, a firm with an aging clientele may deliberately target new wealth generated by the tech industry.

If you have not clearly defined your ideal client, start

by analyzing your client base to identify common traits your best clients share. You should take both demographic and psychographic considerations into account. Determine which attributes those clients value most in the firm and why those clients are a good fit. This will help you arrive at a definition of the ideal client your firm should be targeting. It will also help you articulate your firm's value proposition — a concise written statement that defines the value you deliver in the lives of your ideal clients.

Some firms fear that by focusing on a very specific client persona, they are closing the door to other opportunities. However, if your goal is to generate referrals, targeting your ideal client can help you focus your energy and attention where it's most likely to have the biggest payout. You are more likely to grow your business by narrowing your focus. Consider the adage, 'Like refers like.' Your best clients — the kind you want more of — are most likely to refer people like themselves.

Narrowing your focus also has operational benefits. It's easier to find ways to delight your ideal clients and shape your offer around the aspects of your firm they value most. You can spend less time and money prospecting with clients who are not a good fit. And you can deliver a more consistent client experience—the

kind that makes your ideal clients want to talk about your firm to others like themselves.

All employees should understand the type of client your firm is best built to serve. And so should your clients. Take advantage of opportunities to remind clients of the value you deliver to people like them. Then, when a referral is sent your way, your clients will trust that the person they are referring will have an outstanding and positive experience.

## 02. OBTAIN INPUT FROM THOSE WHO KNOW YOU BEST

Getting input from stakeholders — including both senior staff members and your best clients — can help you gain insight to inform your strategy while getting others engaged and involved. Involving colleagues from your firm gives them the opportunity to articulate what they think the firm does best. It also gives them a sense of ownership in and responsibility for the firm's success. If there is a unified voice among key firm members, it can help the rest of your staff understand and buy-in to the referral strategy. People feel more invested in a strategy when they are involved in shaping it.

Active, engaged clients can provide invaluable insight. Through informal (but purposeful) conversations with clients, or through more formal tools, such as client surveys or client advisory boards, you can obtain insight and guidance about what the firm could be doing better and the specific aspects of the relationship that clients value most. From this insight, you can create the messages that should be repeated within your firm and amplified to the marketplace.

The more engaged and valued clients feel, the more likely they will be to recognize and act on referral opportunities. This client-centric approach respects the relationship and positions you as a resource that can help clients provide value to their friends or family.

Although such conversations with clients may be informal, you should have predetermined questions in mind that will elicit the answers you seek. The best

questions to ask clients will achieve two goals. First, they help you gain important insights you can use to shape your referral strategy. Second, they show clients that your firm is listening and values their thoughts and feelings. Asking a client for advice or opinions can help strengthen the relationship and turn a great client into an advocate of the firm.

Most importantly, you can apply what you've learned to ensure that your ideal clients — your most likely referral sources — continue to be delighted with the client experience the firm delivers.

## 03. COMMUNICATE VALUE TO COMPEL ACTION

Are your employees able to describe the firm and its business in a way that resonates and inspires action? People don't often remember sales propositions or performance reports. What they do remember — and appreciate — is a good story.

Data can persuade people, but it doesn't inspire them to act. To do that, you need to wrap your vision in a story that inspires personal connection. We know that individuals make referrals to businesses when it makes sense on both an emotional and analytical level — when they are engaged with both the head and the heart. To compel clients to want to take action on your behalf, you need to connect with them on an emotional level. Clients need to see the value of what you do not just in terms of their portfolio returns, but also in how it relates to their circumstances and aspirations.

Every conversation with a client is a chance to tell your story. What are your firm's origins? What does the firm do particularly well? What are its values and philosophies? What makes it different? Was there a time when you really "wowed" a client by going above and beyond expectations? These are a few of the starting points on which you can build compelling stories your clients will remember when talking with friends.

For example, if your firm specializes in working with

executives with complex compensation packages, you want clients to remember that expertise when their friend mentions that he or she has been promoted to the C-suite.

The best stories are intentional. They underscore a firm's value proposition based on what clients actually care about. Effective stories compel action because they have a goal—the storyteller has a clear idea of what the listener should think, feel, and do after hearing the story.

Ensure every employee can answer the very common questions, “What do you do?” or “Where do you work?” in a way that sparks interest and illustrates your value proposition. Encouraging your staff to collect and share stories about the outstanding job your firm does for clients can make all members of your team, particularly those who do not work directly with clients, feel engaged in the client experience.

## 04. TURN YOUR CLIENTS AND EMPLOYEES INTO ADVOCATES

Once you have identified your target client, validated and refined your offering through client feedback, and articulated compelling stories that illustrate your value proposition, all of that understanding needs to become part of the firm's DNA. Employees need to learn to recognize and capitalize on referable moments. This is best accomplished through formal training.

By making sure everyone is able to convey a consistent message about the firm, you can ensure that current clients have a consistent client experience no matter who at the firm answers their calls. Every interaction reinforces their trust in the firm, which in turn enables them to recommend the firm with confidence.

A consistent message also helps employees identify opportunities to tell the firm's story effectively

in their own personal networking. When the conversation turns to “What do you do?” or “Tell me about your firm,” they are equipped and prepared with the right answers.

As firms grow, clients are likely to come into contact with more people in more roles. Clients form their impressions of a firm not just through interactions with their advisor but through every interaction they have. That is why it's important for staff at all levels to understand the firm's referral strategy and how they are expected to contribute to it.

In our Independent Advisor Outlook Study, firms reported that 68% of client-facing advisors could effectively articulate their firm's value proposition all of the time, but only 25% of operational staff could do the same. Firms that can bridge this gap and train operational staff to talk about the firm with the same confidence as client-facing staff stand to reap huge benefits.

Formalized training is a way to develop or reinforce a firm's culture of growth by making all employees feel they have a stake in the firm's growth and are motivated to do their part.

Client-facing employees should be trained to recognize and capitalize on educational opportunities. For example, regular portfolio review meetings are an excellent time to add a “firm update” to the agenda.

Of course, clients cannot be formally trained like employees. But they can be educated. Let clients know that the firm is seeking to grow by taking on a number of select new clients who, like the one you're talking to, are a good fit for the firm. Remind your clients about the full range of products and services your firm offers. And ask questions that encourage clients to articulate the value they have realized from working with your firm so that they might repeat it when they talk to others.

It's also important to have a process in place for handling referrals. Every employee should know what to do when a referral comes in, and every client should know you have a formalized process so that they are comfortable making referrals.

## 05.

# ENABLE CONSISTENT LONG-TERM SUCCESS

Once you establish a referral strategy, do not allow it to languish. Employees should be reminded regularly that new business is not one person's job—it's everyone's. Results should be shared throughout the firm in forums such as staff meetings. Employees who have played a part, no matter how small, in winning a new client, should receive recognition. And growth should be kept top of mind for the whole team.

Your referral strategy should be institutionalized as part of your firm's core business strategy. Dedicate time on a regular basis to discuss recent referral success. Put it on the agenda for monthly meetings, management meetings, and off-sites. Build a library of firm stories and encourage everyone to contribute.

Review your ideal client persona, your client value proposition, and your messaging regularly. Implement an infrastructure to reinforce and reward desired behavior, which may include aligning referral success and compensation, as well as non-monetary incentives.

Encourage community involvement. Think about ways you and your team can get your message out in the community by participating in activities or associ-

ations that resonate with your ideal client or reinforce your client value proposition.

Incorporate training as part of the new employee onboarding process. Make sure that new people understand your growth strategy and their part in it. Make sure all of your messages to the marketplace, from your website to individual emails, are reflective of your ideal client persona and your value proposition.

Your referral strategy should be institutionalized as part of your firm's core business strategy. Some firms have tried dedicating an individual to new business development, with mixed results. As with most professional service firms, prospective clients want to hear from the people who will actually be advising them. They don't appreciate being handed off to an advisor by someone they will never speak to again.

Most successful firms would agree that a better strategy is to develop a culture of growth in which everyone feels responsible for new business, and every employee can be an effective ambassador for the firm.

## For a referral strategy to succeed, every employee needs to know:

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- What type of client the firm serves best and is actively seeking
- What existing clients value most about the firm
- What the firm does especially well, what types of challenges it solves
- The firm's stories
- The two most common referral scenarios
- Trigger phrases from clients that indicate a referable moment or at least an opportunity to tell a firm story



# 5 steps to creating a family wealth mission statement

Charles Schwab

32

SUSAN HIRSHMAN

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When people think of wealth transfer and maximizing future generational wealth, often the focus of discussion is how to minimize estate taxes, but is that enough to help ensure the continuation of a family legacy?





Most wealth transfer challenges occur not because of poor estate planning, but rather a lack of communication within the family, a lack of heir education or preparedness, and a lack of common purpose or family mission.<sup>1</sup>

Therefore, for families to avoid the “shirtsleeves to shirtsleeves in three generations” adage, we believe that in addition to appropriate estate planning, a deeper discussion of values, vision, and purpose is needed. This family discussion (and documentation thereof) is often referred to as a Family Wealth Mission Statement (FWMS).

Preparing for such a discussion and document creation requires contemplation about the past, present, and a plan for the future. For many, this exercise is not as simple as it seems.

While all families can benefit from creating a mission statement that communicates the family’s wealth values, vision, and purpose, this is especially true for wealthy families who are particularly concerned with wealth transfer and legacy planning.

## Why is it important?

For some, inherited wealth can create unintended situations and dependencies across subsequent generations that are counter to the wealth creators’ hopes and desires for their families. Many examples throughout history show that instead of wealth enhancing future generations, it can become a destructive element in their lives and in their relationships with one another.

This can happen for a variety of reasons, but one strategy that may help prevent such an occurrence is the process and establishment of a FWMS. Knitting together a united viewpoint on how the wealth is to be used today, and more importantly for generations to come, can be of great benefit for all family members.

## How do you do it?

A disciplined five-step process can help families establish an effective statement, enable healthy family discussions, and identify and align shared values.

## STEP 1. EXAMINE

Examine their attitudes and beliefs about wealth as well as the how and the why. Consider the following questions:

- How did you come to hold these attitudes and beliefs about wealth?
- What life experiences would you like to share with your family, and why are they so important to you?
- How do you want your family to be remembered?
- What values do you wish to pass on to future generations?
- What is the purpose of your wealth? What do you want to accomplish as a family?

## STEP 2. ENVISION

Envision how and why they would like to see future generations benefit and use the wealth. What types of stewards of the wealth would they like each generation to be? To answer these questions, some families find it useful to envision their wealth in four core categories:

- Wealth values: How would you like the family to continue to build and manage its wealth?
- Philanthropic values: How would you like to see the family engage with the community?
- Interpersonal values: How should family members behave toward each other?
- Operating business values: If there is a family business, how would you like to see the family engage in and with the business in the future?

## STEP 3. ENCAPSULATE

Reflect upon what they envision and encapsulate their thoughts to foster discussion with the family. As this is a family wealth mission statement, we have



found that as a best practice, each family member should independently go through a similar process. The end goal of a FWMS is to establish a strong foundation that is reflective of the overall family value system, not just of one person.

## STEP 4. ENGAGE

Engage the family in a meaningful discussion and develop an understanding and alignment of expectations in relation to family values. Family stories that give insight into the wealth creation journey can be a great launching pad for a robust discussion.

This step cannot be underestimated. Involving the next generation is one of the most crucial steps for sustaining legacy. When future generations have an emotional connection to the past, a clear and purposeful mission for today, and a sense of stewardship toward the future, sustaining multi-generational wealth and the family legacy is more likely achievable.

## STEP 5. EVALUATE AND EXECUTE

Lastly, based on the family discussion, evaluate the initial framework for alignment and acceptance. What are the shared values, vision, and purpose that the family together found meaningful? Why? How do current family members think it will help the future family members make decisions that are aligned with the FWMS?

Take what you have learned from these steps and construct a document that can be as simple or as complex as the family sees fit. Furthermore, a FWMS is not a one and done exercise. Refine it over time, as the family changes and grows, as discussions get more focused, and as the family hones a vision for the future. We see many families review and re-confirm commitment to their statement on an annual basis by regathering for a conversation during family holidays,

family vacations, family reunions, or at a designated family meeting.

As no two families are alike, no two FWMS are the same. Here are some examples of a portion of some statements:

- Our family mission is to protect and enhance the family wealth, to assist in the pursuit of leadership in philanthropic endeavors, to secure a sound future for ourselves and for future generations, and to ensure that the future generation understands the responsibility of their inheritance and how they can benefit from it.
- As a family, it is important to us to not only be empowered to realize our financial and personal goals, but also to help future generations do the same through multi-generational wealth. To realize this, we must practice financial prudence and the principles of sound investment. We must ensure that each member of the family has a strong financial education and the opportunity to gain investment knowledge at a young age.

For longer versions of a FWMS, some families like to include a family history summarizing their journey of wealth creation, a discussion how the wealth has benefited the family and afforded them some advantages as well caused any unintended ills, along with guidelines and guardrails to help with unintended strife, etc.

## Open Dialogue

Having a well-constructed FWMS document is important, but it's the process of creating the document that has the greatest impact regarding sustaining multi-generational wealth, family harmony, and the family legacy.

We believe that having an open dialogue among family members about the meaning of wealth, the responsibility that accompanies it, and the "why's" behind it provides the next generations with a unique perspective and purpose. It helps the family create an emotional connection to the past, a clear and purposeful mission for today, and a sense of stewardship toward the future.

<sup>1</sup>See the 2010 book *Preparing Heirs: Five Steps to a Successful Transition of Family Wealth and Values* by Roy Williams and Vic Preisser. See also "The Three Forms of Governance: A New Approach to Family Wealth Transfer and Asset Protection, Part III," by Lisa Gray, published in the Summer 2011 edition of *The Journal of Wealth Management*.

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# Your wealth management machine



Portfolio  
Management



CRM



Digital  
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Client  
Portal



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Intelligence

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