THE ULTIMATE GUIDE

to Recruiting and Retaining Top Talent in Wealth Management

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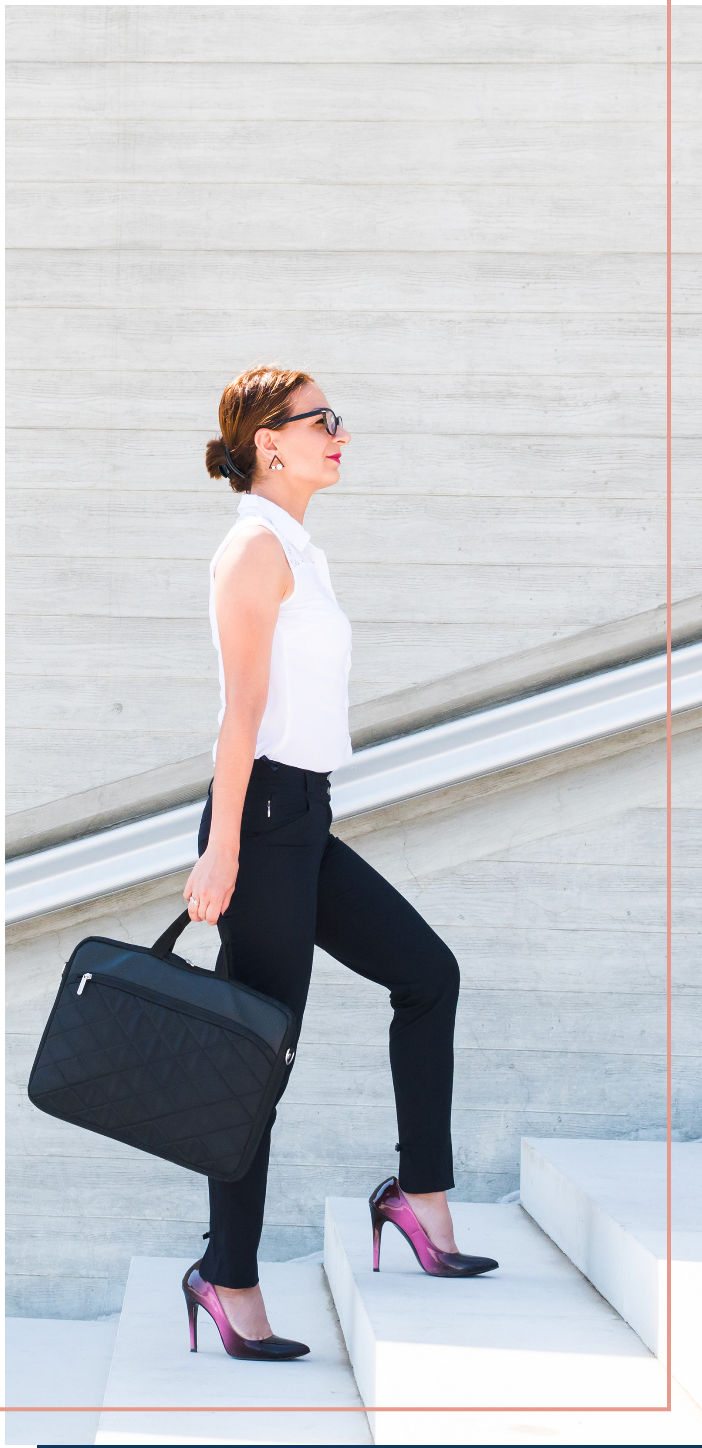

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One of the most difficult challenges for independent advisory businesses is finding and retaining the professionals they need to service a growing client base and perpetuate sustainability.

The value of a strong team and integrated business is ever increasing, and the number of new advisors coming into the profession is still relatively low. To be successful in building the right team, you'll need to be strategic in your efforts and focus on the people that best align with your business priorities.

The **most crucial elements** of a strong recruitment – and talent retention – strategy are:

- Understanding the type of talent that would best compliment your business
- Knowing where to recruit the type of talent you're looking for
- Optimizing what you have to offer new recruits of any experience level or age
- Dovetailing existing growth priorities and strategies–like acquisition–into your recruitment plans

WHO ARE YOU LOOKING FOR?

A thorough benchmarking analysis that helps you understand business KPIs and limitations will help you understand how recruitment can help address your specific growth goals, including:

- Improve capacity and attract more clients
- Expand service offerings
- Create improved operational efficiencies
- Secure continuity of client service
- Diversify your client base
- Prepare for succession of business ownership

Like any efforts to grow and improve your business, **your recruitment plan has to be focused**. As you craft your recruitment strategy consider your onboarding and compensation budgets, current and planned capacity, operational needs, gaps in business offerings, and internal succession plans.

Generally speaking, there are two areas of talent you can target – seasoned professionals vs. newer, younger advisors – each has its own benefits and challenges. Depending on your stage of growth, recruiting talent from both groups might be a good strategy.

WHO ARE YOU LOOKING FOR?

TAPPING INTO EXPERIENCED PROFESSIONALS

It almost goes without saying that experience is an asset when hiring for any industry. Professionals who have been in the industry for several years, whether as advisors or not, can add tremendously to your team and business. They often bring deeper knowledge of the profession, industry connections, extended skills sets and accreditations, and, potentially, a pool of loyal clients.

If this investment is available to you, it's a good one.

Recruiting more experienced advisors is especially attractive for businesses who are looking to expand services, reduce training time, leverage new systems, and establish internal succession in the near future.

Given the level of experience – and competition – for these seasoned candidates you should be prepared to have a robust recruitment and rewards offering. Depending on your size or other growth priorities, this might not be accessible to you – yet.

Luckily, the industry's fresh talent offer many unique benefits.

THE BENEFITS OF FRESH TALENT

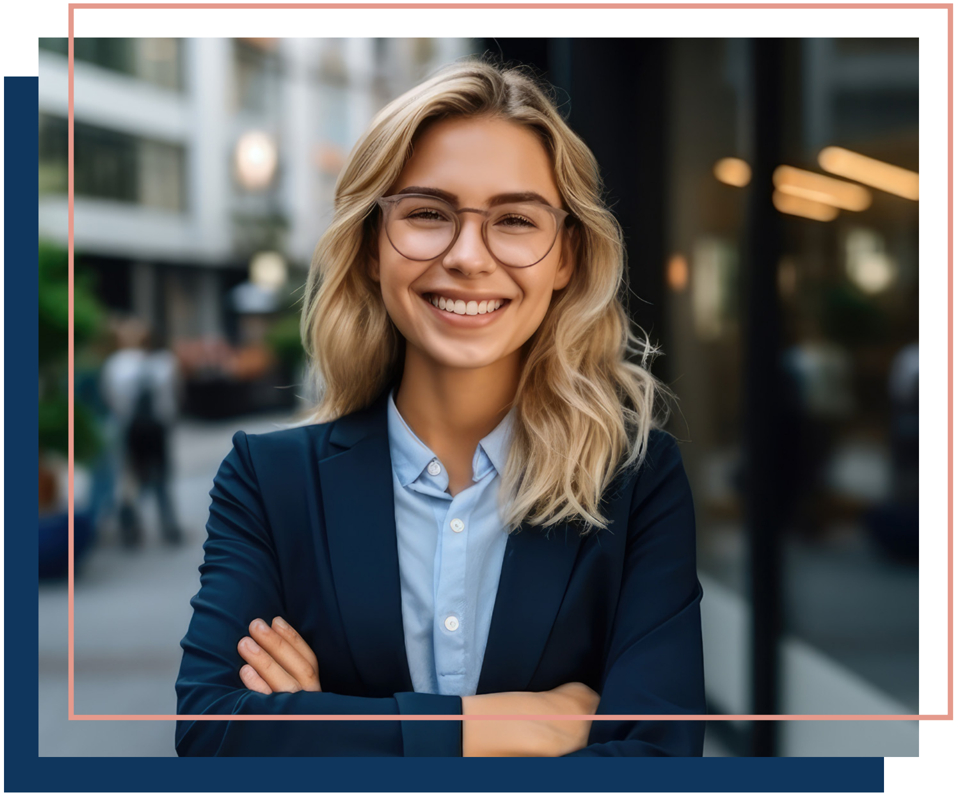
Newer and younger advisors might not have as many industry years under their belts, but they bring some powerful benefits of their own.

One of the biggest benefits to recruiting from this pool gives you the chance to nurture someone in their career and help them blossom into the type of leader you envision for your firm. This is especially applicable to succession-minded owners who have a longer timeline and would like more control over the future ownership of the business–and the future of the profession as a whole.

Younger professionals are also able to connect better with younger generations of investors – including the heirs of your current clients. The world looks a lot different than it did for you when you started building wealth, certainly from the world in which some of your more established clients started.

Younger advisors can relate to the perspectives of younger clients and are able to understand their different priorities and challenges with financial health and wealth management. New voices mean new ideas that can help to invigorate the firm and spark growth you never even considered.

While newer and/or younger advisors might be an optimal choice given the resources you have available for recruitment and ongoing compensation, they do require more from you in terms of training and facilitating client relationships. Fresh talent comes with more risk and time, but the return on your investment has incredible potential.



WHO ARE YOU LOOKING FOR?

THE VALUE OF NON-PRODUCERS

While you're prioritizing the recruitment of "producers" (i.e. advisors and wealth planning professionals), don't forget about how essential "non-producer" team members are to the business.

Advisors produce revenue for your business and they hold the credentials and client relationships that are the business. To do their job more efficiently, they need the right team to support them. The makeup of your non-producing team is going to depend on the size of your business, its available budget, and its stage of growth.

A good place to start is your client service team – including front-office staff and assistants. These are the folks who are interfacing with clients, process paperwork, and ensuring that everyone can move efficiently through the day-to-day. Good candidates for these roles might include professionals who have aspirations to become advisors providing a promising pool for new producers.

Non-producing professionals can make massive contributions to the efficiency and capacity of your producing team, as well as greatly affect growth by focusing efforts in specialized areas.

As you grow into an enterprise and begin to realize the cashflow to support more significant investments in human capital, there are organizational responsibilities that can be improved by hiring experts in specialized fields other than advising. These roles include accountants, lawyers, IT professionals, marketing strategists, and HR experts – to name a few. These are specialists specifically focused on the business rather than in it. Choosing to fill any of these roles on your team should depend on their growth impact potential in alignment with your business plan.

If hiring dedicated non-producing specialists is not within your budget, there are outsourced options – either through independent contractors or agencies – that can be effective in providing the benefits of these team members.

BENEFITS OF COMMON NON-PROCUCING ROLES

CLIENT SERVICES SUPPORT: Improve capacity ratios for producers, ensure positive client experiences and increase retention, maintain organizational efficiencies

IT: Support efficiencies, reduce frustration, improve capacity, maximize technological expenses

SALES & MARKETING: Increase new client rates and top-line growth, establish market reputation and expertise, improve client communications

ACCOUNTING & FINANCE: Expense and cash flow oversight, improve efficiencies

HR: Improve onboarding systems, elevate recruitment strategies, increase team capacity

WHERE DO YOU FIND TOP TALENT?

Knowing the type of professionals you'd like to recruit is only half the battle. Knowing where to find them is another challenge altogether. Below you'll find a common list of places and resources for your search.

Networking: This is one of the most powerful strategies for finding potential talent. Engage with other industry professionals on LinkedIn, whether you're hiring or not. Get to know other advisors in your area. Leverage your memberships with professional organizations to make connections. Maximize your time at conferences and other events. This strategy is useful for any role, but is perhaps the most effective way to find more established professionals who may not necessarily be actively looking to move businesses. Through organic conversation you may discover captive reps ready to move to an independent office, or other independent advisors who are not being offered the right career growth opportunities in their current position.

Generic Job Listing Sites: Indeed, LinkedIn, ZipRecruiter, etc. – A good place to post open positions for advisors or non-producers of any level.

Industry-Specific Job Matching: Organizations like CFA Institute, NAPFA, and FPA all have areas to post and find jobs within the financial services industry. It's worth exploring other professional organizations you're a part of for similar resources, especially with local chapters.

Universities: Especially those with financial advisory programs – are a good place to find brand-new professionals. Consider recruiting from recent grads, or even establishing relationships prior to graduation by setting up an internship in your office.

Talent Acquisition: Build your talent expansion priorities into any plans for acquisition. The purchase of a business with an established team interested in remaining under new ownership is a fantastic way to cultivate an experienced team – not just in the industry, but with those specific clients. (More on this on the next page).

Campus Placement Agencies: Like universities, a good place to find new talent is through an agency that specializes in helping new graduates find jobs. These organizations are also great for finding candidates for non-producing roles.

Head Hunters: If you have a specific type of recruit in mind for either a seasoned advisor or even a C-Suite non-producer, enlisting the services of a head hunter could help narrow the search and facilitate connections.

WHERE DO YOU FIND TOP TALENT?

ALIGNING YOUR ACQUISITION AND RECRUITMENT STRATEGIES

Acquisition is an extremely popular growth strategy in the financial services industry. It certainly provides an avenue for greatly increasing AUM, revenue, and client bases in a short amount of time. Acquisition is also an incredibly powerful recruitment tool.

Folding your team enhancement priorities into your acquisition goals can help you focus your ideal acquisition criteria as well as increase your desirability to certain sellers.

Currently, a large percentage of sellers are prioritizing their existing employees and their desire to stay with the business post-closing. By demonstrating that team retention is not only something you're open to but are actively seeking as part of your acquisition strategy, you can move yourself up the short list for the opportunity.

Sell and Stay® acquisitions are a great way to tap into seasoned industry - and firm-specific - expertise. These transactions stipulate that the seller of a business remain as an employee for a certain number of years once the deal has closed.

Another way M&A can serve your team enhancement and internal succession priorities is through the acquisition of a smaller business where the seller is interested in selling to a stronger, more established enterprise in order to gain a share of ownership in a larger entity than they currently operate.

Consider the areas you're looking to support with team growth and how various M&A strategies might open up new opportunities to meet your recruitment goals.

WHAT DO YOU HAVE TO OFFER?

The recruitment process is a two-way street. You're evaluating candidates to fill an important role on your team, but they're evaluating your business as well. They're looking for the right role and the right pay, of course, but they're also looking for satisfaction, security, and place to grow.

The next step in attracting and retaining a talented team is understanding the full breadth what you have to offer, how to best communicate those benefits, and how to leverage them to retain your carefully curated team.

YOUR VALUE PROPOSITION AS A PROSPECTIVE EMPLOYER COVERS A FEW IMPORTANT AREAS:

COMPENSATION

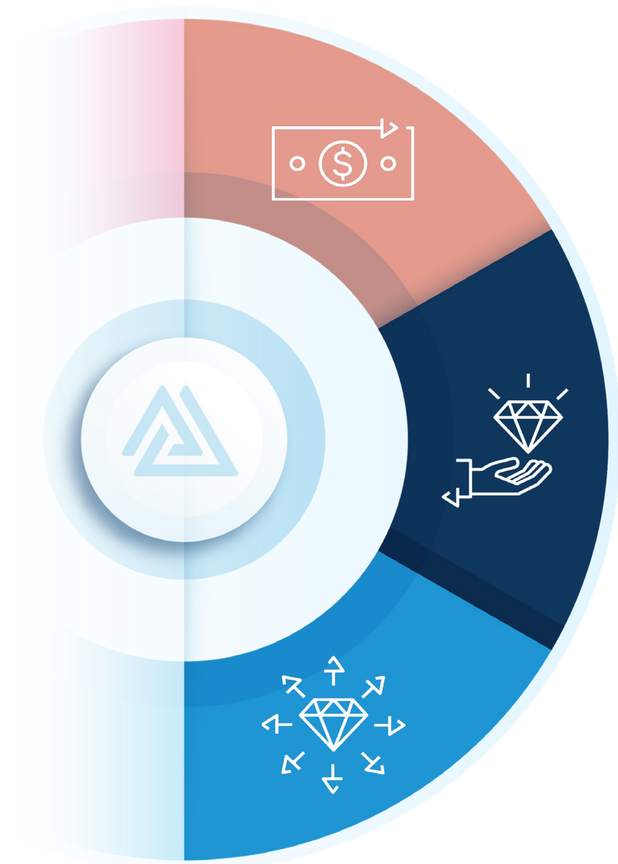
COMPANY CULTURE

CAREER GROWTH

YOUR COMPENSATION TOOLBOX

Let's start with compensation. It is your most powerful recruitment, retention, and rewards tool. And it is your largest business expense. Balancing compensation is critical to both your recruitment and value growth.

You've got three main things in your compensation toolbox: Salary/wages, bonuses, and profit distributions. Balancing these areas of compensation is important for every team member, including owners like yourself.



SALARY/WAGES

Role-based: For day-to-day work performed. This is the largest piece of the compensation pie for non-owner team members. This is also a big part of your offer when recruiting new talent.

BONUS

Performance-based: Awarded for exemplary performance and defined metric completion. Bonuses are most appropriate leveraged by determining metrics or goals to be met over a certain period of time. These can be based on either individual or business-wide performance.

PROFIT DISTRIBUTIONS

Equity-based: Available to owners as a return on their buy-in/investment into the company. Profit distributions are typically paid quarterly to all equity owners in a percentage commiserate to ownership share. See page 16 to dive more into ownership and equity.

CENTRALIZED COMPENSATION & REVENUE SHARES

Balancing compensation in a way that offers the most benefit to candidates – and to the business – cannot be accomplished without including it in a centralized cashflow.

The strongest cashflow structures are those that establish the entity itself as the center of the system. Clients are clients of the business as a whole, advisors and other team members are employees of the business, the business collects all revenue from clients and assets, the business also distributes all expenses – including compensation which is often the largest expense item, the business pays out all profits to eligible equity owners.

This is a shift from a revenue-share – or eat-what-you-kill system – where multiple advisors may have worked under one roof and shared some resources but ultimately operated their own books of business. This system had no structure for creating business growth or sustainability.

A revenue-share arrangement as comp-ensation for your team undermines your business value and affords you little protection from the revenue loss that can come if that advisor decided to leave and take their clients with them.

Properly structured compensation that is industry-, role-, and market-driven can help you attract the best talent and keep them on your team. A benchmarking analysis of your business can help you understand what is competitive for financial service roles and businesses of your size in your market.

CULTURE & BENEFITS

After compensation, your company culture is one of the most powerful instruments you have that can help your business stand out stay competitive in the recruitment process. Culture is how your values are reflected in business practices, team building and support, and community involvement.

The two most important cultural benefits are: insurance and paid time off. These two are legally mandated to an extent depending on your size and state(s) of operation, but they can be leveraged to demonstrate your culture and elevate your recruitment strategy. Things to consider are: covering a higher percentage of insurance premiums; offering supplemental insurance benefits–like dental and vision; and structuring your time off policies to include things like higher accrued PTO, dedicated paid sick time, and parental leave.

Other cultural benefits include the **atmosphere of the office, team relationships, community involvement, and additional perks.**

- How is your office set up to best support team productivity and comfort?
- How do you encourage your team to connect?
- How do you support your team's work-life balance?
- How do you inspire professional and personal growth?

These cultural benefits are reflected in your communication style, team review frequency, organized office events, community service, in-office perks, stipends, remote work policies, and continuing education support, to name a few. Understand your culture and how to communicate it effectively in your recruitment and team retention efforts. **For many people, these cultural alignments are almost as important as the salary offer.**

CULTURE & BENEFITS

Creating a vibrant company culture and offering exceptional benefits is a great way to foster a happy, motivated and productive workforce. But where do you start?

By modeling the type of team you want to attract and going above and beyond the standard perks, you will enrich the personal and professional lives of your employees while also creating a dynamic and sought-after work environment where employees will want to grow their careers.

ADDITIONAL PERKS TO CONSIDER

Family: Offer family-inclusive company events, childcare assistance, extended maternity/paternity leave and support, remote and hybrid work.

Wellness: Healthy snacks on hand, wellness area, gym memberships, organized company health challenges

Philanthropy: Paid time off for volunteer work, sponsoring charity events and drives, team voice in philanthropic support

Education: Strong internship and mentorship programs, covered fees and paid time for continuing education, bonus metrics for new designations

PAVING THE WAY FOR CAREER GROWTH

New and existing team members alike are always thinking about what's next. No professional, at any level of expertise or experience, is hoping for stagnancy. What do you have to offer your team to keep their career path moving forward and growing. Again, what resonates will depend on whether you are recruiting seasoned or less experienced advisors.

As a business owner and seasoned professional yourself, you have much to offer by way of participation, communication, and advancement.

Participation is especially valuable to fresher talent. Involving younger professionals in the day-to-day and implementing hands on training as soon as possible sparks excitement and helps them understand their value to the business. Mentorship from a colleague is a powerful way to support individual growth, cultivate open communication, and shepherd new members of your team.

Demonstrate clear communication about what a candidate can expect from the role and their journey with the business. Practice transparency with your team in terms of performance expectations and available opportunities for growth that and to keep everyone in alignment and build trust. Work together to set goals for progression, a strategy to achieve them, and a plan for what comes after.

Understand what advancement opportunities you'll be able to offer your team, especially as the business grows and becomes more valuable. Set benchmarks to trigger advancement opportunities and nurture individual strengths in alignment with your overall business strategy. Be sure to support growth and reward performance not only in advancement of responsibilities but in compensation.

The ultimate advancement of leadership and responsibility is ownership. Which leads us to equity.

EQUITY AS A RECRUITMENT & RETENTION TOOL

The opportunity to gain ownership in a valuable business is a powerful recruitment and retention tool, especially when recruiting more-experienced professionals. But this is not a carrot that should be wielded without sincerity. Even if the opportunity won't be on the table for a few years, you should be willing to document milestones and timelines for consideration.

Incorporating new owners into a business is a process that can be as complicated or as simple as its participants and their priorities, but here are the basics: A new owner purchases a – usually small– percentage of ownership from a majority owner or founder. The transition timeline can be more accessible as a gradual and incremental buy-in–a low percentage of equity every 3-5 years, for example. Alternatively, majority owners can elect to accelerate an exit with a larger equity sale through special financing tools. This is easier to execute if the next-generation ownership team has many members and is on the same page about sharing a larger debt load.

Equity ownership and percentage of share translates into the portion of profit they receive at distribution time. It also helps determine the level of control or decision-making power an individual has in the business. Owners – whether majority or minority – are leaders in the business and caretakers of its future.

Granting ownership is a big commitment on both sides and candidates should be chosen carefully. Fit and alignment is more important between members of the same ownership team than in any other situation.

Understand that equity ownership may not be something that you're able to offer at this point. And that should be a part of how you go about recruiting new talent. But also consider how expanding your equity circle can strengthen the business, create sustainability, and increase value.

Synthetic Equity As An Alternative To Reward Top Talent

Synthetic equity does not require a monetary buy-in or grant ownership, but it is usually reserved for long-term commitments and the highest levels of growth impact from an individual. There are a few different methods and agreement types that deploy synthetic equity, but the common thread is that they create a strong bond between an individual's performance and the overall success of the business.

WHAT NEXT?

These recruitment consideration and tools, when wielded properly, can be effective on their own, but are even more so when combined strategically and applied with intentionality.

Creating the best opportunities for new and seasoned talent within your business starts with your own understanding of the business, who you need, and what you have to offer. An enterprise with clear plans for growth will be more successful at recruiting the right professionals to their team – and holding on to the talent they have.

Leverage your resources for putting your winning recruitment and talent retention strategies on paper and into action. Identifying business value, KPIs, areas for growth, and next steps is what we do. In the context of your talent strategy **this means making a plan to address the following questions:**

- What areas of your business would benefit most from recruiting the right kind of talent?
- What do you have available to recruit and compensate – how can you improve that?
- What is appropriate and competitive with peers in your area?

LET'S DO THIS.

1. **Identify Your Goals:** Clarify how you want to leverage talent.
2. **Assess Your Strengths:** Evaluate what unique skills and resources you bring to the table.
3. **Set Timelines:** Define your immediate needs and outline the types of talent you plan to incorporate as you expand.
4. **Take Action:** Begin your journey with a clear plan.

Let's talk about what you want to do with your business and how our Equity Management Solutions® program can get you there.

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