

# Owning the future of independent advice

Insights from leaders at RIA firms

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# Introduction

## Study participants



11 interviews



Firm AUM ranging from  
**\$555** million to **\$10** billion



### Locations

Phoenix, AZ  
Los Angeles, CA  
Newport Beach, CA  
San Francisco, CA  
San Luis Obispo, CA

Atlanta, GA  
Kennesaw, GA  
Downers Grove, IL  
New York, NY  
Columbia, SC



### Executive Leadership Program

Graduation year



**Leaders at independent advisory firms must carry the values and vision of their business forward in a highly competitive and increasingly complex marketplace.**

In 2014, Schwab Advisor Services launched a first-of-its-kind education program – the Executive Leadership Program – to provide future firm leaders with the knowledge, inspiration, and community they need to succeed in this environment. Participants leave the program with long-term relationships that help them think through the challenges and opportunities that face their firms and the industry. More than one in three have formed ongoing study groups to continue sharing expertise after the program ends.

Since 2014, over 200 professionals in six classes, representing \$400 billion in AUM, have completed the curriculum, which emphasizes real-world application and includes coursework in leadership, innovation, talent management, marketing, and entrepreneurship. The exclusive one-year program features one-on-one executive coaching, instruction from faculty members from some of the nation's top graduate schools, and the deep industry experience of Schwab.

Schwab recently connected with some of the program's distinguished alumni to discuss challenges and opportunities in the RIA industry and to understand how they are leading their firms to continued success.

This report summarizes key findings from individual, qualitative interviews with these alumni.

# Foreword



## Lisa Salvi

Vice President, Business Consulting & Education, Schwab Advisor Services

The independent advisory industry continues to grow and evolve as the next generation of leadership takes the reins. These leaders, like the ones in this report, demonstrate the spirit of the independent model but also share common challenges as they lead their firms into the future.

Each of these second- and third-generation leaders helm a business with a unique approach – to the ideal clients they seek to serve, to the evolving services their firms offer, and even to the technology they adopt. And, they are talented, strategic, thoughtful, and above all, passionate individuals.

Their perspectives on leadership are being shaped by industry trends. Among them are the growing complexity of managing wealth, the need to build teams with strong technical and emotional muscles, the challenge of delivering training and development that can cultivate both client experience and firm culture, and the philosophical and practical questions about how technology can best be put to work in their firms.

What does this mean for leadership priorities?

Taking firms successfully into the future requires a leadership agenda that includes strategic planning and an innovative mindset, a focus on the ideal client, operational discipline, a strong and differentiated reputation, and the ability to attract, retain and develop the best talent.

This report is a snapshot of today's independent advisory firm leaders: how they actively pursue their leadership agenda to drive the continued success and growth of their firms, as well as their advice for those stepping into broader leadership roles within their own firms.

It has been a pleasure to know the participants of the Executive Leadership Program, which is now in its sixth year, and one thing is abundantly clear: the future of the industry is in very good hands. Many firms have already taken the right steps towards successful transition, but there is still work to do. I hope all firms find inspiration in this report to re-focus their efforts on leadership development and succession planning so that they, too, are prepared to reach new levels of success.

# Introducing the RIA firm leaders



**Mike Amash**



ELP Class – **2016**  
AUM – **\$3.2 billion**

“When I joined the firm, I was employee number eight, and we managed \$250 million in AUM. Today we have 33 employees and \$3.2 billion in AUM, so we’ve seen tremendous growth. What makes me passionate about having a leadership role at the firm is being able to build and expand on what I have already experienced. The opportunity going forward is exponentially larger than what it is was when I joined the firm.”



**Ryan Caldwell**



ELP Class – **2016**  
AUM – **\$938 million**

“The people at our firm all genuinely care about the whole lives of our clients. That genuine care is what excites me to get out of bed in the morning. It’s why I joined the firm, why I’ve stayed here, why I invested as a partner and it’s why I have stepped into this position of leadership as the new CEO. It’s the culture, and our firm history has proved it’s not just lip service.”



**X. Alexandra Chastain**



ELP Class – **2017**  
AUM – **\$1.1 billion**

“We are a young firm, and we’re trying to rethink what it means to be a 2.0 firm. I’m excited to see what happens in the next 20 years. I can only imagine what’s going to be available for our clients, for us, to help them meet their goals.”



**Heather Fortner**



ELP Class – **2015**  
AUM – **\$4.0 billion**

“While, traditionally, wealth management conversations have centered around financial goals, ultimately what people want is freedom to live the life they want. And, as partners, we have a unique ability to help guide people on a journey of wealth and worth, so they can do just that.”



# Introducing the RIA firm leaders



**Yonhee Gordon**



ELP Class – **2014**

AUM – **\$3.2 billion**

“I’ve learned that having an impact on somebody’s financial life is a very gratifying career for me. Having an impact on our company, and helping develop others, is also something I’m extremely passionate about. We’re now focusing on the younger generation, building the depth of our organization, but also building that bench for our industry.”



**Stacy Haubenschild**



ELP Class – **2017**

AUM – **\$2.0 billion**

“I came from the medical field, where you’re there to help people. I had no idea what it meant to help people financially, to help clients reach their goals, or even more so, to help them through life challenges and set them on a path where they have peace of mind they are on the right track for their financial future – no matter what life situations come their way.”



**Alli Hillgren Warner**



ELP Class – **2015**

AUM – **\$10.0 billion**

“Jump in. Be a team player. If there’s something that is outside your area of focus, but you can provide a positive impact, get involved. If you see a problem, or you see something in the firm that can be done better, propose a new or different approach. If you can be a solution provider versus a problem creator, you are doing something right.”



**Chris Kowal**



ELP Class – **2016**

AUM – **\$6.2 billion**

“Spend more time working on the business (not just in it) to help improve the overall firm. Then spend more time with your people. Ultimately, that will help to develop your people while reaching their personal goals, which should, in turn, help the entire firm.”



# Introducing the RIA firm leaders



**Sabrina Lowell**



ELP Class – **2014**

AUM – **\$2.1 billion**

“There is a vast opportunity to help people feel empowered around their money and living their life in a purposeful way. What that means is having the skill set and training that is now coming into our industry from outside. We can look at other industries like coaching and how they think about things such as values. We can then intertwine values with helping the client define their goals, then focusing the client there.”



**Liz Shabaker**



ELP Class – **2014**

AUM – **\$866 million**

“I love the high-touch part of being an advisor. When you’re talking with people about money and all of the aspects that go along with managing it, you have a lot of deep and meaningful conversations. Growing those relationships is what I’m most passionate about.”



**John Valentini**



ELP Class – **2018**

AUM – **\$1.2 billion**

“We’re going to continue to do what we’ve always done: That’s always putting the clients first. Then investing in our firm, so we can expand and deepen services to our clients. Quite honestly, that’s what gets results and creates positive experiences.”



## Key takeaways

More pivots,  
more points  
of view

Can you  
teach EQ?  
RIAs are  
trying.

Becoming  
irresistible to  
your ideal  
client

Taking  
charge  
of talent  
development

Technology  
balancing act

# More pivots, more points of view



As high-net-worth investors traverse a broader array of financial planning challenges, successful firms will have leaders who acknowledge that their value proposition to date is not necessarily what will carry them forward; instead, they will see the inherent opportunity in the evolving needs and preferences of their clients and will actively address this in their strategic planning.

Tony Parkin, vice president,  
Business Consulting,  
Schwab Advisor Services

## Firm leaders see a more complex future for their businesses.

The path to building wealth and securing retirement is no longer a straight line. Course changes are more common, and clients are turning to advisors during an increasing number of these life decisions. The puzzle is expanding to include saving for education, navigating career shifts, managing divorce, planning for healthcare costs, and creating business exit strategies.

Moreover, clients approach these turns with very different attitudes toward wealth, values, and purpose. Attitudes that can't be understood solely through the lens of generation or gender. For example, those who earned wealth and those who inherited have very different views on the purpose of money and their responsibilities.

Advisors are trying to understand and serve many perspectives, oftentimes within the same family, which also means navigating family dynamics.

## Advisor perspectives:

I might have a client who has four children who are inheriting the family's wealth, and all four of them have a different point of view about that wealth and what it means to them, personally, and to their own families. (Shabaker)

Priorities are changing. We're seeing the shift already. A lot of younger clients come in with a socially conscious value system that influences their planning priorities. Others have goals of achieving financial independence by the age of 50. This shift underscores the need for a personalized approach for each client. (Caldwell)

I've had first-generation wealth, or those who have had to work their way up from the bottom of an organization to that top level. They've had to work very hard. The next generation, they're born into that wealth. It's a different environment. Different values. They are growing up in a different society in terms of money. (Gordon)

I believe the complexity of owning wealth in our society is going to continue to evolve, as wealth is far more than what's in your portfolio. Wealth is anything that can be leveraged to live the life you want, including your time, your network, your energy, your health....the list goes on. Because of this, it's imperative that firms discuss the goals their clients have around all areas of their wealth. (Fortner)

# Can you teach EQ? RIAs are trying.



Cultivating emotional intelligence is a new type of leadership challenge that is showing up consistently in our one-on-one executive coaching with firm leaders. It is an increasingly critical skill set in both client interactions and team dynamics, and firm leaders are using innovative methods to ensure this competency is established and continuously nurtured within their firms.

Paula Shoup, director, Executive Leadership Program, Schwab Advisor Services

## Emotional intelligence is the new essential skill.

Advisors are seeking to deepen their relationships and continuing to build trust through conversations that address both the practical and the emotional aspects of their clients' financial lives.

To support this objective, firms are expanding talent development efforts to include emotional intelligence and making investments to build their collective EQ.

For example, they are using organizational psychologists and executive coaches to provide assessments of emotional dexterity; bringing in consultants to train staff on client behaviors and communication skills; mentoring staff on how to have sometimes difficult, often intimate conversations with clients and clients' children about their lives; and providing development opportunities that infuse EQ into leadership approaches and team dynamics.

## Advisor perspectives:

To be an advisor who is equipped to guide people through their fears, uncertainty, and major life decisions, you have to be an emotionally intelligent person. (Caldwell)

It's not the technical skills that our people have to have. It's really the soft skills. So, we spend time on developing emotional intelligence with employees. (Gordon)

All of us fall into a different range with respect to EQ, and it's something that we've been putting a lot of time and effort into working on across the entire firm. (Chastain)

The qualitative aspects are really important to our hiring and talent management process. (Warner)

People want to have a conversation that's more emotionally based than intellectually based. We call it the "why" behind the "what." Why does a client have this particular financial goal? Why is the advisor making this specific recommendation? When you can emotionally thread the strategies you're executing to the why, it inherently changes the conversations you can have with clients, and it deepens the trust and connection they have with you. (Fortner)

# Becoming irresistible to your ideal client



RIA firm leaders are recognizing that a laser focus on their ideal client lends itself to a deeper understanding of what is going to make your firm irresistible and special to that client. With this understanding top of mind, well-grounded strategic business decisions can then be made.

Lisa Salvi, vice president,  
Business Consulting & Education,  
Schwab Advisor Services

## Firms are offering more services in a quest to become irresistible to their ideal clients.

In the past six years, advisors have moved from more transactional services to those that build deeper relationships, such as charitable planning and family education. They have also added an array of specialized skills that range from tax consulting and real estate property management to business exit planning and family planning.

Firm leaders know they cannot provide every service to every type of client, so they are bringing their ideal client into sharp focus when making a variety of strategic decisions, such as how technology supports the client experience and determining which marketing efforts will resonate – and reach – their intended audience.

They are also carefully considering whether the use of outside partners will enhance the client experience. And, where they do not provide services, they are adding value by coordinating assistance across as much of their clients' financial lives as possible.

## Advisor perspectives:

Over the years, we've continually reinvested in the firm, developing more expertise, more services, more planning items. It's what's grown us into being a comprehensive financial planning firm.

We continue to use technology to invest in the client experience but also maintain close personal relationships. (Valentini)

It's not just the investment side, it's the comprehensive plan. Also, being able to have good partners for services you don't provide and being the quarterback for those services. This is key to continued growth. (Haubenschild)

I think it's important for us to always be looking through the client's lens of what services they find valuable and determine both what they need and what they want. (Chastain)

We are continuously trying to elevate our game. We want to be able to touch every aspect of our clients' financial lives. Hopefully, five years from now, we are doing it at an even higher level than we are already doing it at today. It's about increasing our offering and our value proposition to serve the client first and foremost. (Amash)

While you can't be everything for every client, we do as much as we can to help clients in all aspects of their financial life. Anything associated with a dollar sign is fair game. So, the service offering is certainly broad, in that it means our value proposition is to help guide clients in all aspects of their financial life. (Kowal)

# Taking charge of talent development



Firms must maintain a cycle of opportunity to attract and retain talent, one that spans recruiting, talent development, competitive compensation and a path to equity ownership. Investing in these areas is an investment not only in the individuals but in the future success of the firm.

Nikolee Turner, managing director,  
Business Consulting,  
Schwab Advisor Services

**A diverse team can truly differentiate a firm through expertise, service, and innovation, but it is no small task to build one.**

Leaders must recruit for team dynamics, and they must spend time and resources identifying which individual skills will round out their client offerings.

For RIA firms that have moved to team-based service models, talent acquisition has also become less about finding the “do-it-all” advisor and more about individuals who complement existing teams and have the entrepreneurial drive to innovate.

For many, the solution is to hire more junior candidates who have the right values and technical aptitude, and then create a professional development path that keeps people committed to the firm and nurtures the firm’s culture. This approach also helps the firm maintain a consistent client service standard.

To do this successfully however requires a formal process for career development, committed leadership, and equity ownership opportunities.

## Advisor perspectives:

We look not only for technical skills but personal skills, looking for someone who can be trained, someone we think can fit in nicely with the team and be a good team player. We’re looking for long-term mindset, people who want to be part of the client experience for a very long time. (Valentini)

We hire young graduates with a good work ethic and who are eager to learn. We typically start them as interns and develop them from within. (Haubenschild)

Not intentionally so, but Beacon Pointe continues to hire many individuals with athletic backgrounds as they innately know how to interact in a team environment. Each team that you play for is a little bit different. You must know everyone’s quirks, their unique skillsets, what makes them tick, where they may drop the ball and where you’re going to cover them, vice versa. Our team approach is no doubt a critical component of our firm’s overall success. The team structure definitely plays a role in scale and in enhancing the service experience for clients. (Warner)

A lot of firms are trying to find that mythical unicorn: the advisor who can do it all. But we set out to understand, for each given role within the firm, what is the skill set that’s needed and then we hire for that. If you’re really working as a team, the team will be able to support one another, so that frees you up to be able to find talent that may not be traditional talent that you would otherwise consider. (Lowell)

Recognizing the emotion around what a client might be experiencing when working with different advisors is a really important step in building your team. If your team members are similar in gender, ethnicity and background, that’s going to potentially limit both your ability to understand the client and the client’s comfort in these important relationships. Having a diverse advisor staff is beneficial to the client. (Caldwell)

# Technology balancing act



Technology is a powerful tool to drive efficiency, a great client experience and long-term trust. When deployed strategically it lets firms keep their clients front and center via a highly responsive, customized service experience, while in the background helping manage risk, increase firm capacity and systematize workflows to enable consistent, high quality processes that drive businesses forward.

Adam Moseley, managing director,  
Business Consulting,  
Schwab Advisor Services

**Advisors are excited about the promise of technology – the opportunity to scale their businesses, reduce costs, improve client service and create competitive advantage.**

The right strategy is different for each firm. It's based on their unique clients and services.

What unites them? The need to improve the client and the employee experience without detracting from either.

Firm leaders are looking for balance. They want to scale their businesses and reduce costs without jeopardizing high-touch client service; most view technology as a way to institutionalize their business in order to free up time that can be re-invested in more personalized client service.

## Advisor perspectives:

At our firm, we approach technology as a vehicle to make our jobs easier and to enhance the client experience by making it better and better. If it doesn't do those things, then it might not be the answer. New technologies have to benefit our clients and the firm. (Shabaker)

Sometimes we want to implement technology, and then when we look at it, it feels that the client is giving up something. It's not that we're not gaining something, but maybe they're giving up something. (Chastain)

Technology is a tool. It is a resource. But it is not to be leveraged just for the sake of having the new best thing. It needs to be strategic, intentional, scalable, and it needs to have an ROI. It needs to achieve our bigger goal of freeing up our professionals to know clients personally and to walk the journey with them. That is what truly matters. (Fortner)

I think all advisors have to think about how we can better meet client expectations and needs through the use of technology. Leveraging technology is imperative to efficiently meeting client expectations. (Kowal)

You basically have to do more for clients and still be able to keep a close personal relationship. The way to really do that is to invest in technology. (Valentini)

# Advice for emerging RIA firm leaders



Leadership is a discipline. It can be learned and studied, and with commitment and practice, it can be applied in ways that add enormous long-term value to an advisor's clients, teams, firm, and the broader community in which they live and work.

Lisa Salvi, vice president,  
Business Consulting & Education,  
Schwab Advisor Services

So much gets lost in translation, and disappointment happens in the delta between expectations and reality. Being able to communicate effectively can really be the difference between success and failure in managing. **(Lowell)**

Spend more time with your people. Get to know them; that will help you figure out what makes them tick and how you can best help them reach their goals, which, ultimately, will help the firm. **(Kowal)**

I've been lucky to have had some impactful and inspiring mentors throughout my career. They've shown me that true humility and authenticity is important to both running a firm and guiding people with their money. **(Shabaker)**

Put clients first, go the extra mile, take care of your staff and don't be afraid to innovate and do something different. **(Valentini)**

Keep an open mind. You need to understand that it's OK to change and modify direction. Adapting is key to effective leadership in our industry going forward. **(Gordon)**

Too often, as leaders of the firm, we think we need to lead and do everything. We've realized that the more people we allow the opportunity to lead at the firm, the more committed, passionate and empowered our employees are. **(Amash)**

It can be lonely in the position of leadership, and there's plenty of opportunity to second guess yourself or feel like an imposter. Having a support system in place is critical - whether it be a coach, a study group, or a couple of other like-minded advisors or professionals. **(Caldwell)**

Find mentors within your firm, people you respect who are already in leadership roles or partnership roles. Learn from them, support them, challenge them - in a respectful way - because it makes each of you better. **(Warner)**

As the next generation of leaders, we can honor the past, while forging forward into the future. Founders of firms developed a great "client first" model that should serve as the guiding principle. But, now the opportunity before us is taking that guiding principle and evolving it into an "experience first" model that allows the client to feel an emotional connection to your brand even when they're not in your office. **(Fortner)**

I've enjoyed doing the Schwab Executive Leadership Program...it's combined a lot of areas around advocacy and coaching, and it's given structure to the process. Whether you do school, an MBA or Harvard weekends these courses can be especially helpful. **(Chastain)**

Have a succession plan and a plan for developing individuals so that they are clear they have a growth and succession path with your firm. **(Haubenschild)**

# Disclosures

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