

The COO Roundtable with Matt Sonnen

Episode 55 – Featuring Bryce Tee Meeks & Cory Jackmuff

[00:00:04] **Luke Sonnen:** Hi. I'm Luke Sonnen. Welcome to The *COO Roundtable*, powered by Coldstream Wealth Management. Here's your host, Matt Sonnen.

[00:00:15] **Matt Sonnen:** Welcome, everyone, to Episode 55. We're recording this episode in late July for an anticipated release date of early August. When things slow down a bit in the summer, many RIAs like to tackle some operational projects, and with this episode, we're hoping to provide some ideas for things you might want to take on this summer to add some scalability and efficiency to your business.

First, let me introduce our guests. Joining us from Waddell & Associates, headquartered in Memphis, Tennessee, is the firm's Chief Administrative Officer and Chief Compliance Officer, Tee Meeks. In addition to the headquarters in Memphis, the firm also has a Nashville office and a remote office in Aspen, Colorado. I am a huge fan of Tee's, and you will all understand shortly why. She really knows her stuff and has done some great things at Waddell & Associates. Tee, welcome to the podcast.

[00:01:08] **Tee Meeks:** Thank you, Matt. Looking forward to sharing whatever intel I have with you.

[00:01:13] **Matt:** Awesome. I'd also like to welcome Cory Jackmuff from BLB&B Advisors in Montgomeryville, Pennsylvania. Cory is the firm's Operations Manager, and his bio on the website states, "Cory oversees our portfolio management, billing and trading software, and works on a variety of internal projects in support of the firm's financial advisors, client service administrators, trading team, compliance team, and principals of the firm.

As you all know, I like to say, the typical job description of our guests is "do everything around here that isn't getting done," and Cory's bio on the website falls right in there. Cory has been a member of the COO Society for about six months or so. He's been a very valuable member to that community, so I know everyone's going to learn a lot from him today. Cory, thank you so much for being here.

[00:02:06] **Cory:** Great. Thanks for having me, Matt.

[00:02:08] Matt: Well, Tee, I'm going to let you kick us off. Why don't you tell us a little bit about Waddell & Associates?

[00:02:13] Tee: Sure. Thank you. Waddell & Associates was founded in 1986 by Duke and Clara Waddell, the parents of our former CEO, David Waddell. It's a family business. We currently manage about \$1.4 billion in assets. We have 19 full-time employees, two part-time, and right now, we have two summer interns, which we always love our summer interns. We have seven advisors, and each one has a very diverse amount of experience, and their credentials are varied. Our ideal client is different depending on the advisor that you're working with.

We have two CDFAS, certified divorce financial analysts, so they are great working with divorcees or soon-to-be divorcees. We have CPAs on staff who work great with small businesses, entrepreneurs who are looking maybe to make a transition. Then, of course, we have CFPs on staff who work with, preferably, individuals with a million dollars or more in investable assets and who truly see the benefits and the value of financial planning and what we can bring to the table there.

Historically, we've grown through client referrals, which is the best way to grow because you don't really have to work really hard for those, but it means that you've done a really good job with the clients that you have. That's historically how we've grown, and then in addition to that, about ten years ago we put into place a business development incentive for our advisors where if they did certain BD activity like work on relationships with COIs and do events and give podium speeches to different groups and maybe write articles that are published, they would actually get bonus depending on those activities they perform.

Because what we realize is by performing those business development activities, as we call them, they would bring in the prospects, so that has worked very well for us as well. For the future, we have been working on improving our technology and our processes so we're more attractive to other firms for M&A activity in the future. We've not done any merger/acquisition so we're looking forward to growing the business that way.

We also hired a marketing staff about four years ago who have really ramped up. Now we have more of a presence in social media. We've revamped our website a couple of times. They're great at getting our CEO on TV and interviews on national channels. We've got a lot of exposure that way. That's how we are expecting to grow the firm here in the near future.

[00:04:53] Matt: The marketing team, they're internal or is it an outsourced solution?

[00:04:58] Tee: They are internal mostly. We have three people internally, one's part-time, but then they use outside resources for helping with the website, and then also,

for getting these interviews on CNN and Fox. We do work with an outside PR firm to help us get those spots.

[00:05:16] Matt: Perfect. Well, Cory, tell us a little bit about BLB&B Advisors.

[00:05:22] Cory: Sure. Thanks, Matt. A few similarities with Tee, although I have to see if we can get that bonus program up and running here and see if podcasts count because I wouldn't mind getting paid for this contribution here. [laughs]

As you know, I'm from BLB&B Advisors. We're an independent registered investment advisor in Montgomeryville, Pennsylvania. We're about, geographically, 25 miles northwest of Philadelphia. We were founded in 1964 as a broker-dealer.

Our investment advisory side opened about ten years after that and we transitioned to second-generation ownership around 2011, which is before my time here. Two of the new owners are direct descendants of the original owners. Again, similarities with Tee, a little bit of family business working here. We closed our broker-dealer side four years ago. That brings us to today where we are family, multi-custodial. We have about 30 employees, and we're owned and operated by five of our financial advisors.

Overall, we manage a little over \$2 billion in assets, that's made up of high-net-worth families, but it also includes somewhere around \$200 million in foundations and endowments and also around 40 retirement plans. We've grown to \$2 billion under management, mostly through, like Tee said, client referrals, but also referrals from centers of influence. We have strong relationships locally with law and accounting offices in the area. As Tee said, it's a good sign that counterparts like that trust our process and expertise enough to recommend us.

We've leaned a lot on the referral growth game in the past. We did have two, I guess I'll call them smaller acquisitions, one before my time, one during my time, that also contributed to growth. One of those acquisitions is actually the reason why we are in the retirement plan space. Recently, we've been making more of an intentional growth effort. That's spearheaded by an internal business development and marketing team, and we supplement that with some external consulting.

Internally, some pieces of that involve advisors creating and adopting business development plans, coming up with measurable goals and strategies to achieve them. Externally, we're still in the early stages with consulting, but ultimately, like any other firm, we want our brand and message to accurately reflect who we are as a firm and make sure that message is reaching the correct audience and through the right channels.

Each advisor is their own ideal client, and that is part of their business development plan process, but if you look at BLB&B as a whole, our strength lies in helping high-net-worth families, business owners, and nonprofits. On the topic of nonprofits, several of

our employees sit on nonprofit boards, and we have an affiliated foundation called BLB&B Charitable that makes community investments annually to support local education and leadership efforts.

The foundation was established by one of our original founders, the late Frank Burke. That's one of the B's in the acronym BLB&B. The endowment is blessed with funds from the Burke family, and the mission is to eternalize Frank and his family's legacy through charitable efforts. You could say that philanthropy is also very much in the DNA of our firm. While our vision for the future is growth-focused, like many of the RIAs out there, I think we're equally committed to sticking close to our roots as a proud and contributing member of our community.

[00:09:10] Matt: That's a great overview. Now to talk about you specifically, Cory, I rattled off all the responsibilities you have at the firm, but why don't you walk us through your career path that led you to where you are today, handling all of those tasks?

[00:09:24] Cory: Sure, yes. I'll start with a shout-out to my undergrad, Gettysburg College. After studying economics and business there, I was pretty sure I wanted to be involved in finance in some way, shape, or form, but not totally sure how. Some of my earlier interests were in portfolio management and capital markets. I was also very intrigued by organizational behavior, anything from how people approach their jobs and technology to generally just how things work from beginning to end, which I guess is another way of saying workflow.

If you put that all together, RIA operation sounds like a pretty good fit, but not something I even knew existed coming out of college. Like anybody else, I took the first job I could out of college that had anything remotely to do with finance, which ended up being sales and customer service at a local commercial bank. I supplemented that with graduate classes at night working towards an MBA, then eventually moved on to SEI in Oaks, Pennsylvania, which is a company that more closely aligned with some of my interest.

A financial services company like SEI does almost everything, and the team I joined was involved in operational outsourcing for RIAs, so I was on a large team that handled several of the middle- and back-office operations for large investment advisors. I'll probably get in trouble if I don't say this part. The best part of that job was meeting and working 10 feet away from my future wife, so I just want to make sure I throw that in there. I'll always have fun memories of working at SEI.

After five years on that team, daily talking to the operations folks on the other end of the table and on the other end of the phone line, who were working at these RIAs - I kind of got the urge to work at one. Several things were drawing me in the direction of working at a smaller firm. I grew up in an average just smaller type town; I went to a

small college. I think I just preferred that type of setting where you might end up having fewer direct colleagues, but you get to know them a lot better.

That summer, I think it was 2016, I was exploring the job market, and eventually, found BLB&B Advisors, or maybe they found me. I'm not sure who found who there. I've been here for seven years slowly taking on bigger responsibilities, some of which you've mentioned, and really just gaining even more of an appreciation for the operation side of the business, and operations career track, and just continually learning and keeping up with the changing RIA landscape.

I mentioned that I'd spend a lot of time coordinating our client service team. We have an exceptional client service team. They're tasked with navigating a multi-custodian environment, which is tricky sometimes, and they do a great job of keeping our financial advisors on track to accomplishing all the goals and building long-term client relationships.

In addition, I oversee our internal training team. I serve as sort of like a "Relationship Manager" to our custodians and other vendors, and again, manage the reporting, billing, and our balancing software. Yes, I work as every ops person who's not also the CCO, I work heavily with him, our CCO with compliance efforts.

Naturally, there's a lot of overlap which is why so many firms sometimes have one person in those positions. Lastly, just serve as a catch-all for various things that don't really fall into one category. I'm always willing to try to troubleshoot something new, so it's challenging. Just when you think you've seen it all, you walk in, and you see something you've never seen. It's been a fun seven year so far.

[00:13:10] Matt: I can feel our listeners nodding as you went through all those responsibilities you have. Yes, I do that. Yes, I do that. Thank you for that. Tee, as far as career path, you've worked your way up to Chief Administrative Officer and CCO. Talk to us about your bio now list that you directly manage all day-to-day administration of the firm, so tell us how you got to that point.

[00:13:33] Tee: Unlike Cory, it was never my intent to be in this industry. That was purely by accident. I have a friend that worked at a local branch of a regional bank. There was a teller opening that sounded better than going to work for a fast-food restaurant, so I was fortunate enough to get hired on there. After a few months, realized, I wasn't really cut out to be a teller because people get very angry when they think you're not hailing their money correctly.

The great thing about a bank is there's always positions within the bank departments, and they like to hire from within. Very shortly after I went to work for the bank, they bought a small regional brokerage firm. They were hiring in that brokerage firm, and so I applied, and actually got the job there in their operations department.

As that part of the bank grew, they had an individual brokerage firm, and then they had an institutional department, so they were really focusing on growing that out. They gave me opportunities to move up from operations and onto the trade desk. I had a great nine years there, learned a lot, had a lot of opportunities, took on more responsibilities. Until the day when a larger firm bought us out and I lost my position on the trade desk, which happens if you're only trading one or two types of securities.

Fortunately, my nine years there, I had developed relationships with other firms and other banks, so I stayed in the industry, worked for Merrill Lynch for a short period of time. Eventually, was hired out at the local Charles Schwab branch, and Waddell & Associates at that time was using Charles Schwab for their only custodian. I had the opportunity to work with Waddell & Associates through working with Charles Schwab. Fortunately, W&A kept growing, and they got to the point where they needed a bigger operations department of their own. At that point in time, they had just one person.

As we grew, they saw the need to add more people. I came on just in the operations. The firm just kept growing and growing, and the great thing about a small firm is if they grow, there's more opportunities. You can either see that as good or bad, so as there's more opportunities, they have to have somebody to hand those responsibilities and opportunities to. With a limited staff, there's only so many people to take it on. I was fortunate that my supervisor saw that I could take on additional responsibilities.

Eventually became Operations Manager, and then from there, the CAO and Chief Compliance Officer. I really believe that I have that responsibility because no one else wanted it. We had someone in that role for a while. She decided that was not her forte. She backed out of that job, and the CEO didn't want the job, and the COO we had at the time refused to take it. I'm where I'm at because I'm a "yes" person. I don't say no too much unfortunately. My responsibilities grew as the company grew and we had additional opportunities. That's why I am where I'm at now.

[00:16:42] Matt: Again, I can feel our listeners nodding. I think that's a lot of people's story. You are where you are today because you're a "yes" person and you've raised your hand when the opportunities came about. I think that's fantastic, and I know a lot of people agree with that sentiment.

In the eight and a half years of writing different blogs for PFI Advisors, one of the most popular articles I ever wrote was called *Integratable Does Not Mean Integrated*.

I talked about how you have to be careful when a tech salesman or a saleswoman will tell you, "Oh, yes, our system integrates with your current tech stack." You have to go one step further when they say something like that and you have to say, "Could you explicitly state your definition of what the word integratable means?"

Because many times when they say that word, what they're really talking about is a manual download of data from their system into Excel, and then a manual upload from

Excel into your other systems that make up your back office. I know integrating various components of the RIA back office is a huge challenge for a lot of our listeners, so I'm curious, and I'm going to go to Tee first on this one, how have you approached integration of your various vendors that make up your RIA infrastructure?

[00:17:59] Tee: No truer words have spoken in what you just said. Salesmen love to tell you what you want to hear. I guess it's their job. We've decided through the years, by default almost, to go with best-of-breed on the systems that we have. We wanted best-of-breed for portfolio management system. Best-of-breed, according to the salesman at least, for our CRM. We went down that road being told the whole time that, yes, it integrates, just disintegrate.

You're absolutely right. Just because it's integrated doesn't mean it's fully integrated. We are still in that big search for a fully integrated system that we can make a change in, one, our CRM. It flows through to our planning software and through to our portfolio management system. Best-of-breed is great. If you don't want that full integration, but we are to the point now growth-wise, employee-wise, and with our desire to have branches in other states for us to be efficient, we need to be fully integratable. That's where we lose a lot of our inefficiencies.

We have found some solutions or believe we have found some solutions, because the industry has recognized for a very long time that we are not really fully integrated, and everybody's going down that road. That's where we want to be. We are starting to find systems that do look fully integrated, but once you're in that best-of-breed mindset where you've got the best portfolio management and the best CRM, it is really difficult to convince your owners of your company and your employees to make that switch.

They get comfortable with the Orion's or the RedBlack's or whatever, the Practifi's. Then to tell them that, "Okay. I have found a way for us to truly, for the operations department, at least to be fully integrated," but they don't want to make that change because it's learning a new system. It's the downtime of a transition. It's difficult to rip that band-aid off and say, okay, to be fully integrated, this is what we need to do when everybody's so comfortable with what we've had for the last 2, 3, 20 years, whatever the case is.

Even when you find that it's difficult, we've looked at doing overlays on top of the current systems we have, maybe that would be an easier solution. We wouldn't have to rip that band-aid off and make those transitions, but we're still in the search for the right overlay program that would really integrate everything, and we've not found that yet.

[00:20:38] Matt: You had some great points there. Cory, what does the word integrated mean to you [laughs] and how have you tackled this at BLB&B?

[00:20:48] Cory: First, you're warning about being cautious and thorough and evaluating the technology and integrations is so important because it can save you a lot of headaches in the long run. Integration promises and my personal favorite, the roadmap, these are important things to cover from the sell side. I get it. When we're performing due diligence on a product or a service that we might bring in, the focus really is on what actually exists today.

Literally, what do you have today, because roadmaps, they may or may not be completed on time or what's worse, some projects could end up being eliminated for budget purposes. It was on the roadmap, but it didn't come to fruition. To your point, does a real integration even exist? Is there an automatic bi-directional free flow of data between more than one, between multiple systems, or is there just a neat single sign-on function, which the term integration can barely be applied to?

Generally, we tackle integration like we tackle most of the things here which is we lead with the right people in place and then equip them with the tools, the training, and the resources to be successful at their job. For integration, we have an in-house director on staff who's primary responsibility is to find ways to have our different systems talk to each other by leveraging open APIs.

We feel extremely lucky to have someone like that in-house because it empowers us to evaluate pieces of technology independently rather than being nudged into the direction of an all-in-one package, which may be more appropriate route for firms with smaller headcounts. I think both strategies can definitely work, meaning best-in-breed versus all-in-one. A lot of other RIA topics, the more independent you can be with your tech stack, the better.

[00:22:47] Matt: That's great. Well, you need that integration to achieve scale. Tee, let me ask you, what initiatives have you implemented at Waddell & Associates to scale the business operations?

[00:23:00] Tee: Well, other than looking for ways to solve the integration problem that we have, we have spent some time restructuring our operations department; we worked with PFI. Ever since the company was formed, we've had a centralized operations department, four, five, six people in one room that serviced everybody. All the advisors did not have a specific client base they served. They did a little bit of everything, knew everything, which was great because everybody was able to do every task.

It really helped to expand the knowledge level, but we recognized that that was really not efficient and would not be efficient as we continued to grow the firm and have branches outside of our home office. We restructured the operations department, where we have now client service strategists who are more focused on serving their assigned advisors and the clients of those assigned advisors. Then we separated out

another area into our back office that really completes and handles all non-client facing tasks.

We have found that to be super-efficient because it gives our CSSs more face time with not only the advisors but also with the clients. We're deepening our relationships there with them. The back-office people are becoming more well-versed, I guess I should say, in our technology, in our systems.

Now, instead of me having to resolve all the problems or issues we have with Orion, my back-office people take that on. Not only has it been efficient for the operations with the people, but it's been efficient for me as well. That's one hat I can take off, and that's been great for me to have that dedicated back-office team that handles all those tasks.

I think it helps really improve the client experience. The conversations I hear between my client service strategists now and the clients are deeper, more personal relationships so it makes those stickier when markets are down, having those sticky relationships is uber important in our opinion. Another initiative that we've implemented is the use of workflows in our CRM. We started mandating that all client-related service issues or tasks must be entered into our CRM.

This just helps us make sure that we're not missing any service issues, that everything is getting addressed. Then as we expand out into other branches, it's a consistent process that we just felt was important to maintain the level of service that we want to give. Not just our advisors, but also our clients. It just helps that continuation of a consistent process to help eliminate errors. We just really feel like, with all of those initiatives in place now, we can grow into other states, other branches, and keep that very high level of client service with no errors that we expect from our service team.

[00:26:11] Matt: Far as the CRM implementation, all tasks must be in CRM. I'll let you all laugh. I was on a call just last week and our head of client service here at Coldstream made the statement, which a lot of folks listening to this have made this statement at their firms; "if it's not in CRM, it doesn't exist." [laughs]

You have to start just really pushing that to get the adoption. I totally agree that for scalability purposes, your firm's eventually got to get to that point. You've got to get away from sticky notes, you've got to get away from random emails to random people. It all has to be in CRM, so I think that's a great one.

[00:26:50] Tee: We actually made it a company priority and measured it one quarter, the amount of tasks that were entered into the CRM versus sent email or sticky note or whatever. We've actually had pretty quick adoption. I think it's as convenient for the advisors as it is for the CSS people. We've been very fortunate that our adoption has been well accepted.

[00:27:12] Matt: That's great. Well, Cory, what steps have you taken, or policies have you implemented to attain scale?

[00:27:18] Cory: As I alluded to earlier, I think we've had the right people and deployed the right technology to attain the scale. We're in a great position to increase the number of clients we service without adding too much headcount. Also, deepen relationships the firm already has. There are a few job functions we took a hard look at, and asked the question, "does it make sense for the advisor to do this all of the time?" The answer was a glaring no for a lot of them.

One big step we took was centralizing trading, both the equity side and the fixed income side, with standardized repeatable processes. Again, to do that, you need to have the right people and empower them with the right technology in order for financial advisors to trust processes like trade execution and trade reconciliation to go smoothly because really the financial advisors are the ones, at the end of the day, explaining something to the client if it were to go wrong.

Same concept with applying models and rules-based trading. Also, something that we've done at greater scale over the last few years. The more you can lean on central committees for things like asset allocation analysis, security selection, the better your process is for applying those decisions across a large book of business. They also have less portfolio monitoring and rebalancing the advisor you have to worry about or worse, try to figure out in Excel. They also have centralized autonomous financial planning team.

They make and take their own client meetings. They create and update comprehensive financial plans. They provide critical input for conversations to be had between the advisor and the end client. That's a centralized team whereas people on the financial planning team are not assigned to specific clients. They're a centralized resource that all financial advisors have access to. Some of the financial planning conversations don't always necessarily even need to involve the financial advisor.

None of the steps that we have taken or processes that we've centralized could happen without the financial advisors trusting the people in the processes we have here. This could be a whole other topic, but mutual trust and respect between operations and technology and financial planning and the business development team. The mutual respect between financial advisors and those groups is so important to be able to take steps like that and really free up financial advisors to further work on business development opportunities and take care of their clients.

[00:29:56] Matt: You set up the next question perfectly. You mentioned advisors needing to focus on those client-facing activities. Of the steps you've taken, how have they resulted in advisors really getting into what they do best?

[00:30:12] Cory: Obviously, we need financial advisors to spend the majority of their time on client-facing activities. That's a pretty obvious statement. They are advisors for a reason. They are leveraging their unique abilities. At our firm, they are the primary growth engine. The goal of every centralized resource we have, or sometimes I hear centralized resources referred to as non-producing employees. I guess that's technically correct, but it's not a term I've ever particularly liked.

The goal of those teams really is to maximize our contributions to indirect growth. I'm not the one going out and furthering a book of business, but I can indirectly impact growth here by creating processes and workflows that take responsibilities off of the financial advisor plate. Our advisors have deep, meaningful relationships as Tee mentioned as well. They have deep, meaningful relationships with our clients. The deeper the relationship, the deeper the trust. The deeper the trust, the more likely a client is to have confidence to refer our firm to a friend or family.

The more likely, a client will have peace of mind having BLB&B advice on their entire financial life. This type of relationship building, I think, is a huge time commitment. Time that you're not spending on that is time you're spending on something else. I think to be great at that, it requires access to best-in-class people in technology. I'd like to think that the financial advisors at BLB&B have that access here and that their only constraint is hours in a day.

I think the part of the role of operations and other resources is to facilitate making each of those hours as efficient as possible. For us, that means possibly someone other than the advisor is doing things such as entering a trade, modeling a new deposit, generating a financial plan, performing due diligence on stock X, Y, Z, things of that nature.

[00:32:21] Matt: I think that's fantastic. That's exactly right. Tee, what initiatives have you implemented that have freed up advisors to focus mostly on client service and business development?

[00:32:32] Tee: Well, I think the main initiative of us restructuring our operations department has helped create capacity that we've not seen before. The CSSs now have the time and, actually, permission and the authority from the advisors to have deep relationships with the clients. Now the clients are calling the CSSs for things that they would normally maybe call their advisor for, or when the advisor gets a call for needing financial planning, now they go to the back-office. That's a non-client-facing task, so they go to the back-office, and have my back-office people run their financial plans through our planning software. That has really created the capacity to not have to have a conversation with the client that's calling in, maybe just need a copy of a statement, or "I need \$6,000 from my account or whatever." Now the CSS's have those deep conversations.

I would venture to guess that a lot of our clients talk more to my Client Service Strategists than they do with their advisors, and that frees those advisors up to go out and develop deeper relationships with their centers of influence, to get those times at the podium where they can speak to groups and have different events, educational events maybe or do podcasts even. That gives them more time to do the activities that will help them grow their business, and ultimately, that's what we want - to grow the business.

That has really helped. I've actually heard them say, "Oh, well now I can breathe. I've had so many clients, I had to have so many meetings, but now, some of these menial tasks that I don't need to spend my time on are still getting done and getting done in an excellent way and adding to the value or adding to that client relationship, but I am not doing them." That's giving them capacity.

Also, the initiative where we require them to, it seems like a little thing I know, but requiring them to put all service tasks in our CRM. That has saved so much time because in the past, Matt, you mentioned the sticky notes, we've actually had that happen. They sit down, write a sticky note, then walk it over, put it on somebody's computer, but how much information can you actually put on a sticky note?

The sticky note process always ended up in additional phone calls between the advisor and the CSS, "What do you mean? I need more information." Putting it in the CRM, the information's there. We have templates where they know exactly what information they need to provide on the front end. When doing a distribution or needing a trade done or whatever, it goes to the CRM. Now, there's no secondary conversations going back and forth.

In the past, maybe they've walked into the operations department, and couldn't find their CSS. Well, now they're searching for them. They go to the kitchen. They walk around. They find somebody. Those are all little things that maybe say 5 or 10 minutes, but if you do enough of those in the day, it really adds capacity to the advisors to pick up the phone and have a meaningful conversation with the client rather than walking around looking for CSS for a service task.

The other thing we've done is we've changed our client communication, which is our service criteria. We've always segmented our clients based on their AUM. Well, a few years ago, we decided that may not necessarily be the best solution for the client. Actually, by doing that, we were forcing our advisors to communicate with the clients in a manner that maybe wasn't acceptable to them and was creating a heavier workload for our advisors.

Instead of classifying our clients by AUM, we classify them by their communication needs.

In the past, if they were a platinum client, then we required two meetings a year and four calls a year, one a quarter. If you didn't do that, you weren't going to get 100% of your bonus. We would penalize people for not meeting the communication criteria. Now, we've classified the clients based on what they want, the kind of communication and cadence of communication that they want from their advisor.

Some clients only want to meet once a year. Some clients want a Zoom meeting instead of a face-to-face meeting where maybe we're flying to Florida to meet with the clients. Some clients just want to be called when something's going on in the market, or maybe twice a year instead of four times a year. By doing that, not only have we improved the client experience because we're giving them the communication cadence that they want, but we're also freeing up capacity for the advisors.

When they do talk to clients, they're having more meaningful, deeper, better conversations with the clients that want them, rather than just, "Oh, let me check the box that I've made my four calls this year to this client." Those were not meaningful phone calls. They were check-the-box phone calls. We had to change that for the client experience to be better, but also from a capacity standpoint for the advisors.

[00:37:38] Matt: I love that. It's so important. Base your client segmentation on the communication style of the client rather than just blindly off of their AUM. "Well, this is a \$10 million client. I have to meet with them face-to-face four times a year." Well, they may not want that. They may want one Zoom meeting a year, and you can document why you're not meeting with them more often, but yes, I love that suggestion. Base it on what the client wants, not just based on what their AUM is.

[00:38:05] Tee: Absolutely.

[00:38:08] Matt: In both of your answers, you talked about how important our administrative employees are, our back-office operations employees are. I keep reading headlines saying, "*The great resignation is behind us*," but I don't think that exactly applies to the wealth management industry because everyone I speak to within our industry is hiring like crazy. Cory, what hiring strategies have you implemented to ensure that the best people are coming to your organization?

[00:38:35] Cory: The best hiring strategies can really differ firm-to-firm. For us, when the timing is sensitive and we need to act fast, we have a great outside recruiting partner to work with that has resulted in some fantastic hires for us in the past. When time is not an issue, meaning we have some patience here, we can take our time, it's not an immediate need, we prefer to lead with our network. We'll put feelers out to friends, family, business partners that we frequently work with, even to an extent, some clients.

If you think about multiplying the number of people at our firm, which is 30, by the size of an average network, which is, I don't know how many, you're talking about

thousands of people that the firm has some relationship with that could possibly provide a valuable referral. When you compare that to a recruiter, sometimes the incentives are more aligned, meaning it's relationship-driven rather than transactional.

The best resume does not always equal the best fit for the job or the best fit for the firm. Obviously, the recruiting partners will be excellent at filtering resumes, and again, we've had employees that did and did not work out using both strategies. We just prefer to lead with our network when time allows for that. In that light, we've made a few hires using our network that may have accelerated some pieces of our strategic planning. Meaning there were instances where we came across a professional in our network who was going through or considering going through a career transition, and their skill set fit a future need that we were anticipating.

Maybe it was not an immediate need, but maybe it was part of our two, three, four-year business plan. To our leadership's credit, they are never afraid to add a valuable resource, even if the timing isn't perfect, because they understand that opportunities for a good fit, they don't just come along when you happen to actively be looking for a role to fill. Sometimes you have to act quickly and get creative and make the right person work. We prefer to lead with our network.

[00:40:56] Matt: Yes, I think that's what most firms are doing, and especially when you get to a certain size, you can really rely on that network. Tee, how have you approached this tricky task of attracting and retaining employees?

[00:41:09] Tee: Yes, like Cory, we depend on our network to find good candidates. That's always the best way because that's almost like cold calling. They're pre-qualified a little bit if somebody knows them, so that's our preferred way. We're in a very difficult market, and we're actually in two different markets. We have our office in Memphis, and then we have an office in Nashville who are very different demographics. We've had to hire a headhunter for Memphis candidates that we're looking for, then we've hired another two headhunters, I believe, for the Nashville market.

Very different qualifications of what we're looking for. In each market, we're looking for a COO, we're looking for advisors. The markets are so different that we found having two headhunters was almost a necessity because the markets are so different. In addition to hiring the headhunters, our networking is through our COIs. Most of our advisors here come from the CPA world, and so they reach out to their former firms to see if there's any CPAs there that maybe, especially after tax time, are ready to make that change.

During tax time, they're working 80 hours a week, and maybe they're just sick of that. We've had some success there. In the past, we've actually hired those CPAs, brought them in for two years, where they would build their experience in this industry, get their credentials, and then we hand them a book of business. That's worked great, but we

hit a dry spell on doing that. We've really done some backpedaling and hiring the headhunters. We're using social media channels now.

Instead of marketing the company, we're actually recruiting through our website. We're putting it out there that, "Hey, we're looking." We have it as part of our presentation for every client and prospect that comes in the door. "Hey, who do you know that might be interested in coming to work for W&A?" We're really trying to keep it top of mind for our COIs, our advisors.

Additionally to that, we actually created an incentive program for our employees who know people in the industry who might be interested in coming to work for W&A. That's worked really well in our operations department because everybody in my operations department has worked at another firm, a bigger firm usually; these big broker-dealers with hundreds of employees and they weren't happy there and they came here. They reach out to their friends still at these firms and say, "Hey, you need to come to work for W&A, we're a great place." That's worked great.

I've hired two awesome employees that way, and because the employee here reached out and recruited that employee, we actually give them incentive. We bonus them for doing that. Depending on how the new candidate comes in, how long they stay, our employees here get headhunter fees just like an outside headhunter one. We found that to be very helpful.

The camaraderie that's automatically built in when the internal employees say, "Hey, hire my friend from such and such," it has really improved our culture because there's that automatic culture fit because they're not going to tell a friend to come over here if they didn't feel like they could get along with them.

You don't tell your enemies to come to work over here. You tell your friends to come work over here. It automatically builds in that camaraderie that just makes the team really mesh well. We've had a lot of success in that. The employees love to get compensated because they brought their friend over to work with them. It's a win-win.

[00:44:49] Matt: That's great. I love it. My last question was about how to get the employees in the door right off the bat. Then my next question is about what to do once they are on board. Tee, I'm going to go to you first on this one. How do you promote personal growth and ensure that employees are adopting best practices once they're on board?

[00:45:09] Tee: We've always believed that knowledge is the key and the more you communicate, the more that knowledge gets built. For my Ops department, we have a monthly "lunch & learn" is what we call it. We set aside 2 hours, we bring in lunch, we discuss things that we've learned and/or experienced over the past month. It could be a new process. It could be a problem that we've encountered with a client. Let's share the problem and let's share the solution.

It could be a problem we've had with the custodian or process change with the custodian. That may be one person's experience, but not everybody, so we share that experience as well. Then we use that as an opportunity to discuss better ways to improve our client experience. We do that just through sharing experiences with our clients. "What did this client say about us? What did this client say they didn't like about us?" Maybe we share that internally.

We read and discuss books. Usually, they're client service-related books or maybe a book about how teams work together. If the culture is good internally, that's going to show externally. We do a lot with culture around here to make sure people are happy and content. Because a happy and content employee, means a happy and content client, we think.

It's usually in these meetings where everybody gets a chance to speak freely and share their experiences. That's where our best practices come from. We send out minutes of the meeting afterward, so everybody knows what's going on. As a reminder of what our new processes are, we share that externally with even the advisors.

Eleven years ago, we started working with a coaching program that uses the Rockefeller habits to help set and focus, not just on company priorities, but on individual priorities and goals. Each quarter we meet, we discuss the progress made at the company level, but also at the individual level.

During this time, we focus on new priorities for the next quarter, and we really emphasize to each employee that not only does it need to be a job-related priority, a task-related priority, or a company-related priority, it needs to be a personal priority.

What do you want to do as a person to improve your situation, to improve your health, to improve your knowledge level, whatever it is that you feel like improving. We want that to be part of this process where we're setting goals, we're talking about them every two weeks when we have meetings with our employees. We're really believers that personal growth will result in growth of the company.

We have quarterly meetings where we discuss priorities. We have two weekers, we call them, where the supervisors will meet with their direct reports to talk about things like, "what's going on on your desk that I need to know about? What can management do to help you do your job better? What's going on with you personally? Anything there that we need to work on or help with, or what are your goals, what are your priorities? What are your long-term goals?" We have those two weekers to keep everybody on track for those really important priorities in their lives.

Then we really encourage our employees, especially our Ops staff, the advisors are going to have all the credentials, CPA, CFP, all of those letters behind their name. Typically, your Ops people that we hire don't come with those credentials. We really encourage them and support their efforts to get those credentials even up to a CFP.

You never know. One day one of them may decide they want to become a financial planner. We really encourage them to go out and get those, we support, we pay for it.

Any training that they bring to us, if they're willing to put forth the time, we're willing to give them the time to do it. We really try to give them the opportunity to go to classes and we'll pay for that, to go to conferences, to do online training. There's a plethora of training out there. You just have to take advantage of it and give people the time to do it.

I feel like that's one of our strong points. We really believe that learning is key to improving this business. I think it's actually one of our company priorities. Our vision priorities is, "we are constantly students, we're constantly learning." We feel like people that are constantly learning and growing and taking on more responsibilities are happier employees. That's what we look for because happy employees, happy clients.

[00:49:46] Matt: Yes, I couldn't agree more. One of Coldstream's core values is thirst for learning. You have to always be thinking about how to do things better and promote those learning opportunities. I think that's great. Cory, where do you turn to promote personal growth and training?

[00:50:02] Cory: Growth and training, definitely something I've invested a lot of time in and something I did not have a clear picture of when I started, at least at BLB&B. When I got here seven years ago, I was leading a team comprised of a lot of 25- to 30-year-olds, and then I joined a team who had 25 to 30 years of experience on average. All of a sudden, I was sitting in on meetings and I'm listening to some of the leaders of our firm speak and some of our financial advisors discuss markets and strategy, and pretty much anything, and my confidence was shot.

I knew I had to do more outside of the office hours to raise my level in the space. I've always really been interested in what kind of training is available to operational professionals specifically. What's important at our firm is that, if somebody feels something that they want to learn and it'll make them more valuable, leadership here is definitely supportive of that both financially and often providing suggestions and input.

To Tee's point on some of the credentials out there, I always thought I was going to stay in operations, but I still felt there was value in getting some extra standardized learning. Then I tried to always tie it back into what was going on at BLB&B or maybe what I had planned in my career. For example, at BLB&B, we started talking years ago about the centralized trading process. I didn't really feel like I knew enough to be a key contributor in that area. Through FINRA, I got the securities trader rep registration, I think it's Series 57.

I felt more equipped to help with that firm initiative. Then there was a couple of other things along the way. Obviously, the CFA is a big commitment in terms of time. Instead

of that, I opted for the certificate and performance measurement, the CIPM. That helped me contribute more with our model program and our rebalancing strategy.

Then our tagline is, "Plan. Invest. Succeed." Obviously, planning as the tagline suggests, is crucial to what we do here. I didn't necessarily want to get a CFP. I played around with that. I didn't really want to get into planning, but I still wanted to be an operations professional that had a pretty good grasp on, at least at a foundational level, everything that we do here. What I did there was the Chartered Financial Consultant designation. It's like an alternative to the CFA. Used some of downtime during the pandemic and went through that process.

As Tee said, there's a ton out there from FINRA, to the CFA Institute, to the American College. The last two years I found just as much value, maybe even more so in some of the RIA networking groups, one of which was HIFON which, like everything else in finance, is an acronym, but it is an operations networking group. It's got webinars, monthly calls, discussion boards, full of ops-focused employees, and all they're doing is troubleshooting various industry or tech-specific issues that have popped up.

The chances are if you're struggling as an ops professional with something, you're not the first person to struggle with it. Somebody's probably asked the same question before. Similarly, and not to put Matt here, but the last six or seven months, I've spent time looking over the coursework and attending calls for the COO Society. Listening to a lot more seasoned professionals has been a great learning experience. Even today, listening to Tee talk, I took down a bunch of notes because it's extra things to think about that maybe I wasn't thinking about before.

Finally, the last thing I'd like to mention, is the Pershing's Next Leadership Forum. I've been involved with that over the past year. Pershing is one of our custodians, and as that name suggests, it's more designed for leadership to operations. Again, spending time and networking with accomplished RIA professionals, and also the talent level of that program's advisory board and speakers; not to toot Matt's horn because I know he was a speaker at one point, but the level of speakers they bring in, has been incredible.

The role that networking has played in the last one, two, three years has really opened up my eyes in terms of development, probably more so than the structured learning that I started with. You Google or you try to figure out how to learn something, everything points to those credentials. It was just a natural place for me to start. I came into the role thinking, "Wow, it's really hard to get better at operations. There's no manual, there's no parallel to what a CFA designation would be to a portfolio manager."

Then, over time, I pieced together a knowledge base of what I felt was important in operation, and then I took a step further and tried to customize it to what I wanted to get stronger in as it related to my career and the initiatives of my firm. That's how I

approached it personally. At the firm level, we have a weekly continuing education session with external and internal speakers. A lot of times the external might also be doing some sales, but they can also be doing a lot of practice management consulting for us.

When I say internal speakers, for example, me in operations, two to three times a year, I'll be in charge of one of our continuing education sessions where I'll go over something that might be helpful in our trading and rebalancing software or maybe just a quick review on our billing practices. Somebody from financial planning might be presenting in one week.

We do that for continuing education purposes, and also try to mix in 8 to 10 lunch and learns per year on various topics, most notably our CRM because as everybody knows, CRMs can get a little bit tricky and they're only as valuable as the adoption. We have a big emphasis on everybody being experts at our CRM. I think we have a good strategy here, both for at the employee level and at the firm level.

[00:56:01] Matt: Well, Tee and Cory, this has been a fantastic conversation. I know our listeners have jotted down a lot of learnings from both of you, and they have some things now that they can tackle this summer. Thank you both for being here today.

[00:56:15] Tee: Thank you, Matt. We appreciate you having us.

[00:56:17] Cory: Yes, thanks, Matt.

[00:56:18] Matt: That is a wrap on Episode 55. We will talk to everyone soon.

[music]

[00:56:37] [END OF AUDIO]