

The COO Roundtable with Matt Sonnen

Episode 67 – Chrissy Lee & Meghan Martin

[music]

[00:00:00] Hi, I'm Luke Sonnen. Welcome to the COO Roundtable. Powered by Coldstream Wealth Management. Here's your host, Matt Sonnen! Well, welcome back everyone to episode 67.

Matt Sonnen: Many of you are probably familiar with the acquirer slash investor Wealth Partners Capital Group, the firm launched in 2017. And according to their website, they have made 112 acquisitions since then.

Wealth Partners Capital Group was founded by two of my friends, Rich Gill and John Copeland, who I've known for many years. Rich actually hired me at Focus Financial back in 2013, and I learned a ton from him when we worked together. They currently have investments in six highly acquisitive RIAs, and those six firms have driven many, if not most, of those 112 acquisitions.

So, we thought it would be fun to interview the COOs from two of their firms today and talk about the operational aspects of M&A in the RIA space. So let me introduce Meghan Martin from Apella Wealth, which is headquartered in Hartford, Connecticut. I'll let her go through her career story in just a bit, but Meghan was recently promoted to the COO title at Apella.

She's been there for about eight and a half years. And prior to that, she spent 14 years at Apella's sister firm, Symmetry Partners. And between Symmetry and Apella, I think this is great, she took a few years off to raise her children. So, Meghan, welcome to the COO Roundtable.

[00:01:33] **Meghan Martin:** Thanks Matt so much. Thanks for having me.

[00:01:36] **Matt Sonnen:** And joining Meghan today is Chrissy Lee, COO of Merit Financial Advisors, headquartered in Atlanta, Georgia. Merit's name is in the

press a lot, as is Chrissy's, so I'm sure she is familiar to many of our listeners. Chrissy's been with Merit for almost two years now, but she has 15 plus years of experience in the wealth management and broker dealer channels.

I'll let Chrissy tell that story shortly. Her bio states that she's responsible for operational strategy, driving strategic growth through mergers and acquisitions, and overseeing the onboarding process, business development, and technology implementations to create a best in class experience for the Merit community.

So, Chrissy, welcome to the podcast.

[00:02:20] **Chrissy Lee:** Thank you. Thank you for having me.

[00:02:23] **Matt Sonnen:** Well, Meghan, I'll go to you first. Why don't you tell us a little bit about Apella Wealth?

[00:02:28] **Meghan Martin:** Sure. So, Pella Wealth was started in 2014. We currently have \$4.35 billion in assets under management as of 6/30/24. We're quickly growing, but right now we have 93 employees.

You know, we really primarily work with high-net-worth clients looking for deep financial planning. That's really the first and foremost what we, what we want to provide to clients, but we also serve the mass affluent. There's a podcast that we have that we get many referrals from, and I'll talk a little bit about that in a moment, but that's generally our firm.

[00:03:05] **Matt Sonnen:** Great.

[00:03:05] **Matt Sonnen:** And Chrissy, I mentioned that Merit Financial, the name is very well known, but why don't you give us some details on the firm?

[00:03:11] **Chrissy Lee:** Absolutely. Our wonderful Merit financial advisor. So Merit was founded back in 2007 by our founder and CEO Rick Kent, who I think really decided to just form his own RIA because he had this vision to serve a larger audience, and he started from scratch and just built out a client base by focusing on the telecommunication sector. And since then, has just grown dramatically right now, we're about combined Merit as a little over \$12 billion.

We have about 250 employees and to give you perspective, just several years ago, we were probably half the size. So, we've had tremendous growth.

We love our clients. We mainly serve the mass affluent to high-net-worth clients, and we love working with clients that are looking for more than just wealth management. Someone that really wants to have that close relationship with their advisor and help them figure out all the other ways that we can also offer resources.

[00:04:08] **Matt Sonnen:** Great. Well, Meghan, I gave a brief overview of your bio, but tell us about your career path and what led to your recent promotion to the COO role.

[00:04:18] **Meghan Martin:** Sure. So, you know, I think my, my story is kind of fun. I started with the two owners. I was the first employee. I was pretty young. It was in the early 2000s.

I wore many hats, but I really, you know, I kind of settled in operations. That's really where I found my, my passion and love for operations. And at the time it was, you know, the two owners who were financial advisors and they had a book of business. But then we started a tamp. And so, I helped build out the operational structure and team for that TAMP who we worked with independent advisors and broker dealers.

I worked with them for about 15 years and became the Director of Operations. And then, as you mentioned, I did take a little hiatus when my children were small to spend a little time with them at home. And at the time Apella Wealth was spinning off. And I was approached with an opportunity to come back.

And I really, you know, I jumped at the chance to work with the two owners again, and, you know, started off in client service. So, kind of back to my roots and then grew into a management role. And now I am chief operating officer. I can't say enough about Apella Wealth. It's a wonderful place to work and, you know, I love the work that we do for our clients.

And I think it really. You know, when we see client referrals, it really speaks to the care that we take, you know, of them.

[00:05:46] **Matt Sonnen:** They've obviously given you a lot of opportunity to try different things. So I think that's great to have that well rounded background when you do finally get into that COO role. That's great.

[00:05:55] **Meghan Martin:** Absolutely. Absolutely. Well, as you know, when you're COO, you kind of have your hands in a little bit of everything. So having a background has really been beneficial.

[00:06:04] **Matt Sonnen:** Great. Well, Chrissy, walk us through your career journey.

[00:06:08] **Chrissy Lee:** Wow. So, I've had a dream career. That's how I feel about it. I started my career thinking that I was going into journalism because I love just being in a fast-paced environment where there's constant change and movement.

And I wanted to be in a profession, I knew this, that of to be in a place of service in some capacity. So, after going through, college and just I did go through a little bit of an illness and my plans changed during that time. And so, I worked in several industries, but it's still in operations.

And I quickly learned that operations was a natural skillset for me. I learned that creating processes and putting clients first, thinking through a strategy and executing on that was something I really gravitated towards. So in the course of working, I was offered an opportunity with Farmers Insurance as an Account Manager.

And I ended up, uh, getting my life and property and casualty licenses and helping the agents speak with clients and help them grow their business. And I also created at that time, a client service model so that we could create this wonderful experience for our clients. And I think it was during that time at Farmers Insurance that I learned about the security side of the industry.

And the more that I researched it, the more I understood that my dream was really to move into the wealth management side. And so, I ended up leaving Farmers and started working for a broker dealer and an RIA firm. And so, I started off very entry level as an operations specialist. And during that course, I quickly got my FINRA licenses and just really, really worked hard.

And although I started off in entry level position, my passion, I think just really showed in the work and I fully enjoyed all aspects of operations and again, creating processes and problem solving. And I realized that it came very naturally for me to think of ways to make things efficient. Almost to the point where I would say that I was almost obsessed with this, and I think that it even showed up in my personal life because I, and I still do this to this day.

I'll be standing somewhere, a restaurant, a theme park, and I'm sitting there and I'm standing there and I'm strategizing in my head what I think would help make things go faster or more efficient. And so that's just how my brain works. It's really insane. And so all of those natural abilities, I think, allowed me to continue to rise in my career in the last 18 years.

And so I really went from an entry level position in finance to running eventually the operations department and then transition department, then running the day to day of an entire firm. And that's how I've become COO for so many years.

[00:08:50] **Matt Sonnen:** That's fantastic. My wife gets mad at me because I'm constantly saying, how did they not beta test this? How did they not have a, uh, a group to, to test this? Because this is a horrible client experience. I'm always thinking like that. So that's funny that you say that your brain just sort of works that way.

[00:09:05] **Chrissy Lee:** A hundred percent. Was thinking the same.

[00:09:08] **Meghan Martin:** Yeah, that totally resonates with me too. I do the same. I get an email from the school and you know, they'll use some tech and it's not really efficient and immediately I want to, I want to fix it.

[00:09:19] **Matt Sonnen:** Yep.

[00:09:20] **Meghan Martin:** Yep.

[00:09:21] **Matt Sonnen:** I always joke, no five year old ever says, I want to be the COO of a registered investment advisor, but we're all just kind of wired this way. And we, we, we, we find our way there.

[00:09:29] **Meghan Martin:** Passion finds you.

[00:09:34] **Matt Sonnen:** Well, before we dive into the operational aspects of M&A, let's start at a, at a high level and talk about why RIA should get into M&A in the first place.

I think many inexperienced buyers failed to look beyond. Well, we want to just add more AUM to our firm and they don't really think strategically about what they're hoping to accomplish from a merger. So Chrissy, I'll go to you first. What do you think should be the driver for firms who want to try their hand at M&A?

[00:10:03] **Chrissy Lee:** Oh, yes. This is a core belief at Merit. We want to grow with the right partners and it really is not about AUM because there are other ways to get to that level, but this is about bringing talent into the organization, being able to find other niche opportunities, other ideas and leadership that will just continue to elevate Merit as a firm.

So, you know, I'm a Gen X, so I tend to want to do things on my own. And sometimes. You know, for the purpose of getting things done, that's okay. And it's needed, but if you really want to grow, you can't do it alone. And so you truly do need others around you that do the things that you don't, bring skill sets that you don't have.

And they lift you so that you can gain opportunities and learn as well. And I think about the firms that we brought on over the years, and it's incredible how valuable they have become to the Merit organization as a whole. They're part of our leadership team, helping us figure out our next moves and how to grow.

So, you know, our thought is if your intention is not about the relationship and creating value and partnering with other amazing leaders, then the numbers are going to disappoint. That's a one-time number, but when you focus on the people, it really continues to reap the rewards for years to come.

[00:11:18] **Matt Sonnen:** Fantastic. Well, Meghan, how do you think RIAs should strategically approach the why behind, behind their M&A efforts?

[00:11:27] **Meghan Martin:** Sure. You know, I'm going to echo a little bit of, of what Chrissy said. You know, we are very similar in that, you know, we don't partner with just any firm. We're really looking for advisors who are like minded from an investment philosophy standpoint and also culturally.

You know, even as we've grown, we've worked really hard to maintain the culture that we have here, which I love. And, you know, we're looking for folks that are going to fit in with our culture, fit in with our, you know, our processes and our procedures. But with that said, you know, we're learning from them as well.

And that's an exciting part of being, you know, part of M&A and having new partners and hearing new ideas. You know, we never sit in a room and think, well, You know, our idea is the best idea and, and that's it. The other is, you know, as, as Chrissy mentioned, bringing other areas of expertise into the firm.

You know, we've had partner firms that brought services that we didn't have before. So, you know, having a CPA arm or, you know, someone who's proficient in estate planning or someone who's focused on women in transition. I mean, all those bring so much value to Apella and we just want to continue to grow that.

And then, you know, kind of third is talent acquisition. I mean, it's really hard to find the right fit when you're just hiring on your own. And one of the most rewarding things for me is the, the team that comes on board, you know, whether it's someone who is tenured and experienced and really know their stuff and can be a leader and, and rise, you know, in a Pella or, you know, young, eager people who are, are, motivated to learn and want to grow and whether that's, you know, an emerging advisor or operations, you know, one of the most rewarding things to me is seeing someone who's kind of hit their ceiling at a smaller firm and seeing the opportunity that they have at Apella and then being able to support and coach and help elevate them.

It's one of my one of my favorite things about M&A.

[00:13:35] **Matt Sonnen:** I think a lot of recruiters will tell you all the good people have a job. So, so the talent acquisition does drive a lot of MNA because our industry, it's tough right now to, to hire people. Yeah, it

[00:13:48] **Meghan Martin:** It is, it is.

[00:13:49] **Matt Sonnen:** Yep. Well, our, our friend, Rich Gill, I mentioned him earlier.

Rich was quoted many years ago at a market council conference. He said, 10 years ago, all you needed was a checkbook in order to get a transaction completed. And he said, but that doesn't work anymore, given how competitive the buyer community has gotten. He said, you really need to articulate the value that you bring to the table in terms of strategic positioning, as well as assurances that the seller's staff and clients will be taken care of.

And I love that quote. And this is an area I've talked about many times on the podcast. In my opinion, this is where COO, a COO and operations teams can really shine.

So, Chrissy, from a, from an operations perspective, how do you show the advisor who's looking to join Merit? How do you, how do you show them what the future is going to look like and calm their nerves about the transition of their clients and staff?

[00:14:43] **Chrissy Lee:** Yeah, this is such an important part. I really think that at the heart of it, it's about being genuine. You know, I obviously work at Merit. I think Merit is an amazing organization and I know in my heart of hearts that those who join Merit are going to be so glad that they did, but they might not know that in the beginning.

So, you know, I tend to kind of compare it sometimes to moving into a new house or a new neighborhood. You know, there's so much to pack up and so much to consider as you're leaving and everything seems so new and foreign. So I don't tell advisors that nothing will change because that's not true. You know, there are things that will change and there are probably new systems and, you know, to learn and new processes.

But what we do relate early on is that their team will not change. So, for many advisors, their team has been with them for years and we don't just focus on the advisors. We focus on the entire team. And I think because so much of that conversation during that M&A process, is with the advisors. The team behind the advisor is not as familiar with the process.

They haven't been through the whole conversation with Merit. And so we try to incorporate the staff into the Merit community. And so we do things like we've created a buddy program where we have people that are willing to step in that have been with Merit for some time to be able to answer questions and help

new team members, you know, maneuver through everything. We have things like young professionals of Merit group that welcome new team members with, you know, which is open arms.

And we have several groups like that at Merit, where we just invite new members immediately into the group so that they can feel a part of the community. And a lot of times I think I've heard from the firms, you know, the teams that are coming in that it's a, it's a loss for them. A loss of what they've known.

And so we need to be cognizant of that and help them feel comfortable after joining Merit.

[00:16:34] **Matt Sonnen:** I love that. There's, unfortunately, there's a lot of acquirers out there that. That do part of their pitch is, "Oh, nothing's going to change. You're going to come here. You're going to get a nice check and nothing will change. You can keep doing everything exactly the same as, as you have been." And just, even if they have good intentions, when they say that, that that's just not the case, things are going to change. And so setting those expectations early on is just so incredibly important. I love that you said that.

[00:17:03] **Chrissy Lee:** 100%. And I think it's about being transparent, um, because you're, you're just going to have a lot more trust from, you know, being able to receive that than me telling people, yeah, everything is going to stay the same.

And there's that, because that's just not true. I don't know of an organization that can keep it absolutely the same.

[00:17:20] **Matt Sonnen:** That's great. Well, Meghan, what do you do to prove to a potential merger partner that, "Hey, we've done this before, we've got a transition plan. Your, your clients are going to transition.

Your team members are going to move over in an orderly fashion. We've thought of everything. Nothing is going to slip through the cracks." So how do you deliver that message to advisors?

[00:17:40] **Meghan Martin:** It's, you know, it's a, it's a delicate balance because transitions are hard. And, you know, they can feel scary, especially when, you

know, we know that things will change, tech stacks will change, process changes.

And that's where I think, you know, we just, being transparent and a lot of communication is key. You know, we've got a detailed project plan, which we don't put in front of a prospect. You know, we put in front of them a truncated timeline to just give them an idea of what those big milestones are.

And there's a lot of listening too. So, it's never just talking at a prospect and saying, this is how great we are and this is what you're going to do moving forward. It's really listening to them, listening, you know, wanting to know about their team and they've built a successful business. And that's something that we recognize.

And we want to make sure that they feel comfortable with the changes that are going to happen. And that's where, you know, there might be several conversations that are happening. We bring them to our office where they get to meet, you know, the leadership team and some of the subject matter experts, and it's very conversational again.

We're not talking at them. We're asking questions. They're asking questions. We're walking them through different scenarios and confidently being able to say, "Hey, we, we encountered that before. Here's how we dealt with it." Or "that's a really good question. Great process that you have. We'd love to learn more about it and, and see if that's something that, you know, we want to implement."

So it truly is a, a partnership even with a prospect so that they are comfortable and you know, and there's the team to learning about the team is extremely important without their team and making them feel comfortable. The transition won't go well. And so it's important for us to showcase the community that we've built an Apella, not just amongst the advisors, but amongst the operations staff.

And that's really geographic agnostic, right? It doesn't matter if you're on the East Coast or the West Coast. We want to bring the teams together as much as possible so that they feel the sense of, you know, peer support, management support, leadership support, all of that is extremely important when showing a seller like, "Hey, this is why you want to join Apella."

This is why your clients will be taken care of at Apella. "

[00:20:04] **Chrissy Lee:** Meghan, you hit something that's so important, which is that it really is. It's both sides. You're showcasing what you're, you know, the firm that that, that they're folding into, but it's also showcasing, I mean, there's a reason for why they're joining.

It's because they're such a strong partner and we saw something wonderful that they can bring to us. And so that's also about showcasing and just bringing out all the growth and the opportunities and the things that they, this organization that's coming on, what they have done. Fantastic. I think that's a really important part of showcasing them as well.

[00:20:40] **Meghan Martin:** Agreed. Agreed.

[00:20:43] **Matt Sonnen:** Being able to say like, like you use the word partnership that, Hey, if you've got processes that are, that are better than ours, absolutely. We will look to incorporate them. The one caveat of that though, is you do have to remind people, Hey, you're at a 10 person for you're an eight person firm, and you're joining an 80 person where you're joining a 250 person firm.

Some of those processes, even though they're fantastic today for your eight to 10 people. They just simply don't work at, you know, at our scale, but it is great if you can show them that you're willing to take on any of their, their processes or their thoughts into your, into your systems and processes, that's great.

[00:21:20] **Meghan Martin:** You know, that's absolutely right. However, I've found that because we are partnering with very likeminded folks that there usually isn't a lot of disparity in the process. I mean, there's definitely nuances, but you know, usually we align pretty closely and are able to work through those differences.

[00:21:41] **Matt Sonnen:** That's great. That's a good point.

Well, Meghan, let me ask you about the messaging to clients. Now, uh, as advisors start calling clients to say that they've joined Apella wealth, what advice do you give them for how they can position the messaging to get clients excited about this transition?

[00:21:57] **Meghan Martin:** Sure, absolutely.

I think there's two different messages, depending on why the advisor is joining. You know, if they're joining for succession, then the message is really around partnering with a firm that will take care of their clients the same way the advisor is currently taking care of them. And so, you know, the message is really, we've partnered with a firm that encompasses the same values and core competencies that I have, and that I'm not going away on day one.

You know, they're there to continue to serve their clients, but are thoughtfully introducing their new successor, which is, you know, a younger, maybe emerging advisor here at Apella that we feel like is a good fit. So, it's really a true partnership between the existing advisor and the new advisor and, you know, clients are usually excited, they recognize that their, you know, their advisor might be getting older, they're getting nervous about, well, what will happen to me?

And so, you know, the messaging is really around Apella, take care of you just like I did. And then I think the second message is a little slightly different for advisor who's looking to grow, but kind of have hit that threshold where they don't want to run the business anymore. You know, they really want to outsource that to someone else.

And so, you know, the messaging is really, they want to get back to servicing their clients. They want to spend their time with the clients and less time, you know, doing accounting or HR or compliance. And, you know, again, clients, what I hear from advisors that join our clients are really excited for the advisor.

They're thrilled to know that they're going to get more time with them. And, you know, from a retention standpoint, we usually have over a hundred percent, which I know probably doesn't make sense, but we really do when it comes to time for the clients to, to join Apella, uh, which is a really great thing.

And I think says a lot about the partnering advisor and Apella and, you know, what we value and how we serve our clients.

[00:23:54] **Matt Sonnen:** That's great. Yeah. I mean, it can be over a hundred percent because hopefully in an ideal situations, a client says, you know, I have another account or another advisor, whatever it is I have.

And I just have never brought this to you. Now that I understand you're going to have greater capabilities. Let me bring that over to you, or I've got a cousin, neighbor, whoever that I've been meaning to introduce you. And now that, now that I know that there's going to be greater capabilities at this larger firm, let me make that introduction.

So yeah, absolutely. I've seen that where it can be more than a hundred percent.

[00:24:24] **Meghan Martin:** Yeah, that's exactly right.

[00:24:26] **Matt Sonnen:** Yeah.

Well, Chrissy, what, what coaching do you provide advisors on how they should message this move to their clients?

[00:24:32] **Chrissy Lee:** Yeah, several things. I think one part of the excitement to what Meghan said, it really is conveying that message to clients on the why and a lot of advisors mentioned during the process that the reason why they're making this move is to give their clients the opportunities and the resources to things that they didn't have before.

I mean, you mentioned that, Matt, you know, by joining a larger firm, there's a lot more resources and systems that are built out that can make things a lot easier and more streamlined. There are a lot of tech resources that are awesome, but they're costly. And so we can provide these resources to clients so that they can have that consolidated view of accounts, performance reporting, be able to have access to, you know, departments, planning, tax prep, cybersecurity resources, you know, assistance with estate planning.

There's so many different resources that they can tap into by joining a larger organization. And so these are these wonderful resources that we're able to provide at no cost or very deeply discounted rates. And so and then there's also resources through money management, you know, being able to provide that full range of models that really cater to different needs.

And then there's also that service model and client experience that, you know, we can provide in a seamless way. Because we have these built-out streamlined processes, advisors can leave it to us to provide their clients a

really great experience. And to a large degree, I think Meghan said it too, I think clients appreciate their advisor and have built a relationship with them to trust that the move will be beneficial.

[00:26:07] **Matt Sonnen:** Well there's, rightfully so, there's a lot of focus as we're talking about on the transition of clients, but equally important, if not even more important, is the transitioning of employees. So, Chrissy, I'm sure you have an entire playbook dedicated to employee transitions. What tips and suggestions do you have around transitioning the employees?

[00:26:26] **Chrissy Lee:** Right. And it's always growing. I will say this. We, I think we've learned over the years on this. The key is really to never forget what it felt like for you to make the transition. Whether it's, you know, be coming into an organization or transitioning in through M&A. And I try to remind the team that all the systems, the custodians that we use, the paperwork, you know, all the things that we require, well, we know them inside out, but new employees, you know, team members do not.

And so much feels, you know, very foreign. It's like changing a school or something. It's very hard to do.

Some, you know, some have even told us that it's like a loss that they're in a grieving process. I've actually had somebody say that to me. And I think that we've heard that enough to know that we have to have a plan around it.

And so we started having all of our team members go through a training session on the emotional aspect of M&A. I think everybody is trained well in terms of processes and how to train on systems and, you know, how to do paperwork. But that part of being able to understand the emotional aspect of it is an incredibly important part.

Especially in the beginning, and so we have a training that we have created around that for all of our teams, and that we also provide a similar type of a training, not a training, but just a coaching for those that are joining Merit as well. People are not a transaction. And so the training focuses on this.

It's about relationships. And then after that, we incorporate the team members into groups, like I mentioned, so that they are, you know, joining in these communities in smaller groups where they can really participate. And then we

also when there are projects we work on, we make it a point we reach out to these new team members and ask if they would like to participate, even if it's just to be on the call with us.

We just want them to absorb everything that, you know, Merit as a community of what we're doing.

So, you know, another thing is that what we realized is that there is a difference between transition and integration. So, we have a great transition team and now we're building out an integration team, so that once the transition is done, you have another set of team that will be there to support and walk you through the early stages of the move.

[00:28:47] **Matt Sonnen:** Yeah, you, you, you make a good point. It's obviously extremely emotional for the owners of the business. You know, they're getting, giving up their logo and, you know, and, and so that's very emotional for them, but in some ways it's even more emotional for the employees because they don't have as, they feel they don't have as much control, that this has just sort of been sprung on them.

Hey, we're joining this, this, this firm and he's the, here's all the great reasons why, but they, they weren't in those, all those negotiations and didn't get to talk to multiple firms and it wasn't their choice of which firm they're joining. So, it's in some ways it's even more emotional. So all that, that you mentioned, giving them a feeling of control and making sure that they're there, they fully understand why this is going to be good for them.

I love everything you said.

[00:29:29] **Chrissy Lee:** Yes, absolutely. You know, and I mentioned that before. And so what we're looking for is that the principles obviously are very much involved in the whole M&A process. But, you know, the team typically comes in towards the end with the paperwork and we cannot forget how important it is to focus on the team.

They are the ones that are probably talking with the clients on a day-to-day basis, and they are the ones that know their processes, and everything is, is changing. And so, we try to absorb them as much as possible.

[00:29:59] **Matt Sonnen:** Great. Well, Meghan, what do you have to add here? What are the keys to successfully landing employees at Apella Wealth?

[00:30:06] **Meghan Martin:** Absolutely. Well, as mentioned, you know, there is a, there's a big psychological piece to this, not just to the advisor selling, but to the team members. And, you know, sometimes there's a lot of fear. Am I losing my job? Am I going to get demoted? And that's one thing that we, you know, we kind of tackle first and foremost.

We take the time to learn, you know, the team members, what do they like about their jobs? What's frustrating? You know, what are their kind of hopes and dreams? What do they want to do in the near future? And the, and the long term? Because it's not just, you know, putting them into a position that aligns with the team now, but also explaining, you know, there's a there's a lot of potential for growth.

You know, we continue to grow. And as we grow, there's going to be more opportunities. And so really understanding, you know, what they want in their life and what's going to make them happy is something we spend a lot of time on. So yes, we go through transition and we go through process, but we really want to take the time to get to know, you know, each and every team member pre-close and post-close, you know, yes, they get to know me at the very beginning.

And, but they also get to know the rest of the team. You know, I really want everyone to feel that. They're just not a number, but they're joining a team where they have peer support. We have several study groups where kind of like when what Chrissy said, when there's a project giving someone an opportunity to do a little something different, and maybe they'll find out that they really, you know, they really like that and they want to grow into that position.

And so, you know, I, I think communication is key. Really, we can't show a project plan and then run in the background and start doing work and then come back and say, okay, now it's time to do this. It's really working together hand in hand, listening to what they have to say, listening to their ideas, and really making them feel a part of the Apella team.

You know, they're, like I said, they're not just another number. They're valued employees that, you know, we're lucky to have and, can't wait to work with

them in the future. I mean, there's nothing more rewarding to me than hearing the career path of someone that's joined and being able to get them there.

I mean, that's just extremely, extremely rewarding.

[00:32:32] **Matt Sonnen:** Well said. Yes, I agree. Well, another area of angst for advisors and staff is the transition of their tech stack.

So Meghan, how do you examine the tech stack of the merging firm and then compare it to what you have in place?

[00:32:48] **Meghan Martin:** This is one of the first things we evaluate.

You know, we look to see where we might have alignment. You know, we use a portfolio accounting system that a lot of other RIAs have out there. And so we'll go through, you know, what the portfolio management system is, their CRM, their document storage system, and we'll say, okay, where do we compare and contrast with other RIAs.

And we do our homework. So, you know, before we even get into a project plan, we want to understand where the systems are different. You know, how would that transition look like? We work with our partner firms to, to get ahead of some of that so that we can answer questions and kind of ease some of that angst of, "Oh, my goodness, this is going to change", you know, and sometimes we're very aligned and sometimes we don't have one system in common.

And again, communication, right? I know I keep saying that, but it's such an important piece of the transition and really, you know, showing them that we've done this before, you know, it's even if we haven't worked with that particular CRM, we worked with several others and, you know, although there are nuances, we know how to move the data. We know how to map it. We work with them so they can see what to expect. We do a lot of testing and my team does all that work. So, you know, we're really carrying that burden for them. And then it comes down to also training and getting them very comfortable. So, we'll start, you know, a month before we close and start showing them our internal systems and it's kind of like a fire hose. So, you know, we understand that that's not the only time we're going to have to walk them through this. And we have a really extensive training program for our different tech stacks. And we really, you know, invest a lot of time in making sure that each member of the team,

you know, whether they're in trading or account processing or client service, really, you know, understand the systems, feel comfortable, know where to go, know how to navigate.

And again, also getting feedback. So if their workflow and another system is something that really was successful for them, and maybe ours is a little bit different. We're going to listen to what they did and see if we can tweak our workflow. You know, we can't always do that, but if, you know, if we feel that it's a benefit for all of Apella, then absolutely we're going to, we're going to figure that out.

[00:35:15] **Matt Sonnen:** There's the meme of Ray Liotta from Goodfellas, where he's cracking up. He's got his white tux on. He's in like a booth at a restaurant or something. He's cracking up. I always think, I always think of that picture when I hear an inexperienced buyer say, "Hey, integration is going to be easy.

We're using the same tech tools." You both could be using Tamrack. You both could be using, At a par, you both could be using Salesforce, but you're both using them completely differently. We're using the same billing software. How hard can it be? Well, one of you is billing in advance. The other is billing in arrears.

One's billing monthly, one's billing, whatever, right? That there's so many changes. So, yeah, the tech integration is a challenge, even when the stars align and you are using identical tech stacks, it's still not easy.

[00:36:00] **Meghan Martin:** That is absolutely true. You know, I always say the devil's in the details, so you got to get in the weeds.

You got to understand, you know, the different systems because you're absolutely right. You know, you both could be on the same platform and not be utilizing certain aspects of it or utilizing it differently. And that's where, you know, the meetings and the due diligence that we do really, really helps.

[00:36:21] **Matt Sonnen:** Yeah. Well, Chrissy, how do you transition firms onto Merits technology tools and processes?

[00:36:28] **Chrissy Lee:** Yeah, similar to Apella what Meghan said, you know, this is looking at the tech stack. This is something we do very early on. And I will say

this is this is a very sensitive area when you talk about two organizations coming together, and they have been on, you know, their tech tools and the systems that they've used.

So it's a very sensitive topic. And it's a fine dance of figuring this out. So, of course, you know, we do want to create that Merit way. That's what we call it a providing this unified client experience. So, you know, it's not that we're requiring everything to be marriage tools. That's not it. You know, there's some technology.

That, you know, they can continue to use, but then there are some things that we do stand firm on, um, purely really to give our clients that unified experience, whether they are a client in California or a client in Florida. So, we want to be able to create that one experience, but we do give a time to transition over to our tools and processes.

You know, we don't need for the team to adopt it the day that they joined Merit. There's a lot going on, especially the first few months of just moving accounts over. So, we create a transition plan. And so, whether that be a few months or even a year, depending on what tool they were using for them to slowly start moving away from their tools, whether that's a CRM system or performance reporting system, you know, we know it takes time.

So, we are patient about it. But obviously in the midst of that, though, we do have a very strong tech team that is handling the full migration of the data and the resources onto our systems. And so, we send a team on site to do this. And we will send trainers on site so that they can also have a team with them training and helping them understand the new Merit systems.

So, we have these two separate teams. One is helping them to be able to move over and migrate over the data. And then we have another set of trainers that goes on site to be able to help them understand and really learn the new Merit systems.

[00:38:30] **Matt Sonnen:** I love it. That's a lot of resources, makes them comfortable.

[00:38:34] **Chrissy Lee:** Right, exactly. It's an important piece for sure.

[00:38:37] **Matt Sonnen:** Well, everyone knows a big part of this podcast is trying to show the true value of RIA operations professionals. We get overlooked so often people say to us, “Well, you're not bringing in clients, so you're totally expendable here.” And, and that everyone knows that drives me completely nuts.

But when it, when it comes to M&A, if you don't execute transition smoothly, if you don't have an advisor who can say. Hey, this went really well. All of my clients were taken care of. All of my employees were happy during the process. If you don't have an advisor saying that you're going to have a really tough time getting the next merger completed, because any of your prospective merger partners, they're going to want to talk to the last advisor that you merged with to see how it all went.

So, Chrissy, what are your thoughts on, on how important all of this is and what you can do to ensure that you have a referenceable advisor?

[00:39:27] **Chrissy Lee:** Yes, this is so important. I mean, even for me, I know personally, I always read reviews or get references. So, it does matter. It absolutely matters. And at the end of the day, there's no transition that I'm aware of that goes a hundred percent seamlessly.

It really is a big move. So inevitably, something is going to break, something is going to go wrong, or was not thought of, and we try to learn from it each time. But that's why I think it's important to set that expectation from the get-go and I think that's also helpful to be totally engaged with the transitioning team weekly, daily, if it needs to be, making sure that you're addressing their concerns, you're solving issues that come up, and you're really timely in your responses.

Because I think that people as a whole are very gracious. You know, they know when you're trying. They know when you care. They know when you're being genuine. They are also very forgiving when you own up to the mistake and you say that you're sorry. So when you do all of that, you know, you do have the, you know, advisor, the transitioning firm, who's going to be fair in what they say.

And I think that that's what it is. It's being able to communicate that being very forthright about it. And quite frankly, sometimes just own up to it that you didn't know. And that you're sorry for it, but you learn from it. And I think that that's what really makes it real. And I think that with that advisors are very gracious.

[00:40:54] **Matt Sonnen:** I think I've said this a few times on this, on this podcast before, but a good friend of mine at Fidelity, this is more for breakaways, but it applies to, to transitioning advisors just as much every night, the night before any big transition with a breakaway team, he would always give a speech and he would say.

"There will be tears. Oh yes, there will be tears" just because he wanted to be transparent and up, you know, "we're going to do everything we possibly can to make this go as smoothly as possible, but there will be tears. Just know that from the beginning." So yes, again, we've said it on this, but on this episode, uh, it's all about setting the expectations.

[00:41:30] **Chrissy Lee:** A hundred percent.

[00:41:31] **Matt Sonnen:** Yep. Well, Meghan, what are your thoughts on the entirety of the M&A process and how you can keep that transitioning team happy so that they can be a cheerleader for your M&A process in the future?

[00:41:43] **Meghan Martin:** Sure. Actually what you just said made me laugh because I had an old boss that used to say, you know, transitions are kind of like going through a root canal, you know, it's painful during the root canal, but then it gets better and you're better on the other side.

And you know, there is some truth to that. It's not, not my thing, but I do understand it. You know, I think partly it's, you know, really being a champion for the advisor and their team who are coming on board and letting them know that they're not just another transaction. They're a meaningful part of, you know, Apella and who we are and who we want to be moving forward and that they're going to be a part of, you know, that growth and, and our success.

And so, you know, as we go through the transition, I mean, Chrissy's exactly right, there are bumps in the road and there are things that are going to come up that are unexpected, and we work really hard to, to work through those both on, you know, on our own internally, but also collaboratively with, with the advisor and the team that's coming on board, you know, there could be questions on an IAA and we're really, you know, willing to, you know, be flexible to a point.

But we want, you know, we want, we want them to be happy. We want them to be happy here. We want them to, to walk away and say, wow, we really made the best decision for myself, my team, my clients. And so, working through the entire project and listening to their needs and, you know, going through process and coming out on the other side and saying, "okay, you know what? It wasn't, it wasn't that bad. Yeah, there were some bumps, but Apella had my back. They were right there for me and for my team and for my clients. And so I know that, you know, they're going to be the best partner that they can be. And I'm really happy that, you know, we made that decision."

I mean, I've heard it time and time again from advisors that have joined that, you know, they feel really good about that decision and we feel really good about it. You know, we're thrilled to have them and to see ourselves grow, organically, you know, through not AUM organically, but just, you know, being able to have additional services or learning something new from them, you know, instead of, like I said before, just being, you know, 100 percent of the Apella away and we're totally inflexible. Like, that's just, that's not who we are. We really want to be true partners. And, you know, when, when you have that theme and that's, you know, what your, your value is, and you're kind of like, you're guiding light.

I think advisors walk away and that's what they tell other prospects.

[00:44:29] **Matt Sonnen:** I think that's great. Yeah.

Well, let me ask one last very open-ended question. Meghan, I'll go to you first. In terms of highlighting the importance of operations in the RIA industry, what would you like our industry to know about operations?

[00:44:46] **Meghan Martin:** Absolutely. You know, I've, I've been in operations for a very long time wearing many hats and different roles and, you know, different business models. The TAMP business is, is different than working for an independent RIA. And so, I've had several different experiences with how operations is viewed.

And, you know, it might sound a little cheesy, but I think Chrissy would agree that Operations is the heart of the business. And, you know, if, if the heart isn't working and the heart's not happy and healthy, the rest of the body doesn't work. So we need to care and value the operations department, just as we

would any other department, whether it's the advisors, whether it's marketing, you know, we, we're the ones that make things happen.

So you could bring in all the business in the world, but if you don't have a strong operations team, that's valued and respected it's probably not going to go that well. And, you know, I, I hate the term back office because just to me, it just seems like we're just a group, like sitting in a closet who no one cares about, you know, processing paperwork and we do so much more than that.

You know, we're. We're running technology platforms where yes, we're onboarding clients, but we're also taking care of the clients too. We're building those relationships just as the advisors are. And that's something that is. You know, really invaluable and needs to really be embraced.

[00:46:12] **Matt Sonnen:** I love it. The heart of the organization.

That's exactly right. So Chrissy, you get the last word. What is one thing you'd like the RIA industry to understand about operations?

[00:46:22] **Chrissy Lee:** I will say this, Matt. You know, Meghan, when you were talking right now, if you could see me, I was smiling and nodding throughout the whole thing of what you said. Operations is a lot harder than it looks.

You know, your operations team is the wind in your sails. I have, just like Meghan, I have gone through every, I think every different position in operations, and I never forget that, you know, operations team are rarely ever the one that's receiving the awards, featured in articles and, and, you know, joining podcasts, but they're sure a big reason why, you know, people shine and they take care of everything to make it look really nice for clients. So and I also finally what I want to say is, they have dreams. Look for opportunities for them to advance. You know, you look at the career of Meghan and myself, and we were all over different positions and operations.

We have so much passion for it. And we do have dreams. We do want to advance. We want to have other opportunities to be able to, you know, serve and help others in operations as well. So that's what I would love to conclude with. Look at the opportunities and help your operations team just flourish.

[00:47:39] **Matt Sonnen:** What a great way to end it.

Yes.

Well, Chrissy and Meghan, thank you so much for being here today and sharing all of your knowledge with your listeners. I thank you both.

[00:47:47] **Meghan Martin:** Thanks Matt.

[00:47:48] **Chrissy Lee:** Thank you.

[00:47:50] **Matt Sonnen:** Well, that is a wrap on episode 67. I actually, I should have said this at the beginning. I want to wish our announcer Luke Sonnen. Luke Sonnen is turning 11 today, so I want to wish him a happy birthday, to our announcer, Luke.

But that is a wrap on episode 67 and we will talk to everybody soon. Thank you so much.