Altruist
THE ROAD TO
ONE HUNDRED
MILLION AUM
JASON WENK

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Introduction

Surpassing $100m in AUM is a true achievement for RIAs — there's an undeniable feeling that the snowball is really starting to roll down the hill. But what does it take to get there?

In the process of building two multi-billion dollar RIAs, and by speaking regularly with advisors leading fast-growing firms on The Advisor Journey (and elsewhere… running Altruist puts me in front of a lot of savvy, highly entrepreneurial people) I've been fortunate to learn and test numerous strategies and growth tactics. This piece is a distillation of those experiences.

If you can find 10 minutes to read through the content, you'll get a deep dive in to the five central themes (vision, client experience, referrals, marketing, and team building) that drive exceptional growth and examples of systems built by advisors who have excelled in each area — all in service of not only increasing the probability of hitting the $100m milestone, but accelerating towards it as well.

In 2022, RIAs were the fastest growing segment of financial services — clearly, the appetite for great independent financial advice is high. For advisors who can create a phenomenal client experience, leverage technology to scale, and think like entrepreneurs, the opportunity is massive. Let's dive in.

Establish Your Vision

You don't need to have answers to all the "big questions" in your life or for your business. But you should at least be asking them. The questions I've found to be particularly relevant for financial advisors are:

- What do you want your life to look like?
- What do you want your business to look like?
- What sort of clients do you want to serve?
- How do you want to serve them?
- What do you want them to say about your services when you're not around?

Time dedicated to crafting detailed responses to these questions is time well spent. If you need some help, I created a workbook that goes a lot deeper into this exercise. In this process, you'll be able to clearly express what you're working towards and why. Advisors who've invested time into their answers generally have an easier go at building and executing a strategy. They also have a narrative that resonates with their ideal client type. If your answers are truly yours, then you're leaning into something that's become a bit of a rarity despite a massive amount of chest pounding across the internet. I'm talking about authenticity.

Establishing a vision for your life, your firm, your ideal client, and their experience does two things: It puts you in a position to build a firm that will attract clients and talent who share that vision. It also lays the foundation for our next area of exploration: creating an amazing client experience.

Deliver a Great Client Experience

A great client experience is an underrated differentiator. It requires a combination of service, systems & processes to streamline the delivery of said service, and what I'm just going to call a "special touch." Think about a service you pay for, the quality of which you are constantly impressed by (it's possible nothing immediately comes to mind. For our head of content, the answer was, believe it or not, "my dentist — they use CRM better than any sales professional I've ever met. Every 6 months at the cleaning they're checking in on my family, my interests…. it's a really nice touch." If you have a service in mind, does it boil down to anything more than…

- They do what they say they're going to do (reliability)
- They do the little things well (attention to detail)
- They genuinely care about your outcomes (commitment)
- There is something compelling about their belief in their service (passion)
- They give you no doubt that they'll treat your referrals well (trust)

In other words: they care! And they've built little mechanisms to regularly show you that they care. Here are a few easy ways to increase client engagement at your practice.

Be noticeably passionate about what you do

Nothing stinks worse than false enthusiasm. That's not what I'm advocating for here. But you got into this business for a reason (for most advisors it's some variation of "helping people solve one of the most consequential puzzles of their entire life") and you're selling yourself short if you don't communicate that purpose.

Passion is contagious. I love this comment from Ben Beck, of the billion dollar firm Beck Bode, about passion. In this context, he was talking about establishing an investment process you can be passionate about — some people might consider that relatively mundane… not Ben! He says, "If they believe that YOU believe… good things happen."

Host events that aren't related to your advisory services

Get people out of the house! Sporting events, happy hours, client appreciation dinners… it doesn't have to break the bank to be fun. And the little show of interest in your clients' lives outside of work goes a long way. We've got a great example in the section on marketing… spoiler: this advisor hosts a beloved, quarterly wine-tasting community event for retirees in Temecula, CA and the economics are fantastic.

Reach out proactively with good news

The errant text or phone call to deliver good news can be a bright spot in someone's day (or catch them in a moment where a potential referral asks, "what was that about?"). However you choose to add that "special touch", make sure you're nailing the basics. In this regard, systems & processes will keep you from ever dropping the ball.

Your CRM is the nervous system of your business — whether you're staying up late or waking up early, make sure you're finding the time to keep client data up-to-date. Checklists help create a repeatable motion. Templates help to lighten the load of repetitive outreach comms. The "special touch" is a force multiplier when combined with perfect execution of the basics.

Measuring client happiness

There are two ways to measure client experience. The first is anecdotally — what your clients say and do to you about their happiness with your service. That's good and important, but it is trumped by the much more qualitative measures of 1) retention and 2) referrals. In the next section we'll explore what it takes to maximize your firm's referral rate by breaking down Yohance Harrison's "Starbucks Method," a process that has produced over 200 referred households for his firm.

Systematize Your Referral Process

No amount of marketing, selling, or hand waving can beat a recommendation from a friend. Given the litany of choices we face every day, it's a relief when someone you trust says, "we use_____, it's great — highly recommend."

Every advisor knows (somewhat intuitively) that referrals are the preferred channel for growth. A referral from your ideal client type usually yields another ideal client. At no cost. So why, then, are so many advisors completely passive when it comes to sourcing referrals? What does it take to build an active, repeatable referral sourcing strategy?

In this section, we're going to learn a lesson or two from Yohance Harrison, who joined me for a great conversation on The Advisor Journey podcast in late 2022. Of the ~300 households Yohance serves, more than 200 have been referred. The key to his success is something he's dubbed, "The Starbucks Method" — a nod to the consistent, deliberate format followed by every Starbucks in the world.

Before we get into the details, let's address the baseline for referral success: for a referral program to work, you have to know your ideal client, you have to serve them exceptionally well, and you have to be comfortable with the idea of asking for introductions (and hearing "no"). Alright, onto "The Starbucks Method".

Master your referral script and use prompts

Using a script doesn't mean you're going to sound scripted (well, you may have to put in a little practice — Yohance would practice with his son at night!). A well-practiced script will flow naturally, and it takes the discomfort out of having to wordsmith a new way of asking for an introduction from every client.Here's an example Yohance shared on the podcast:

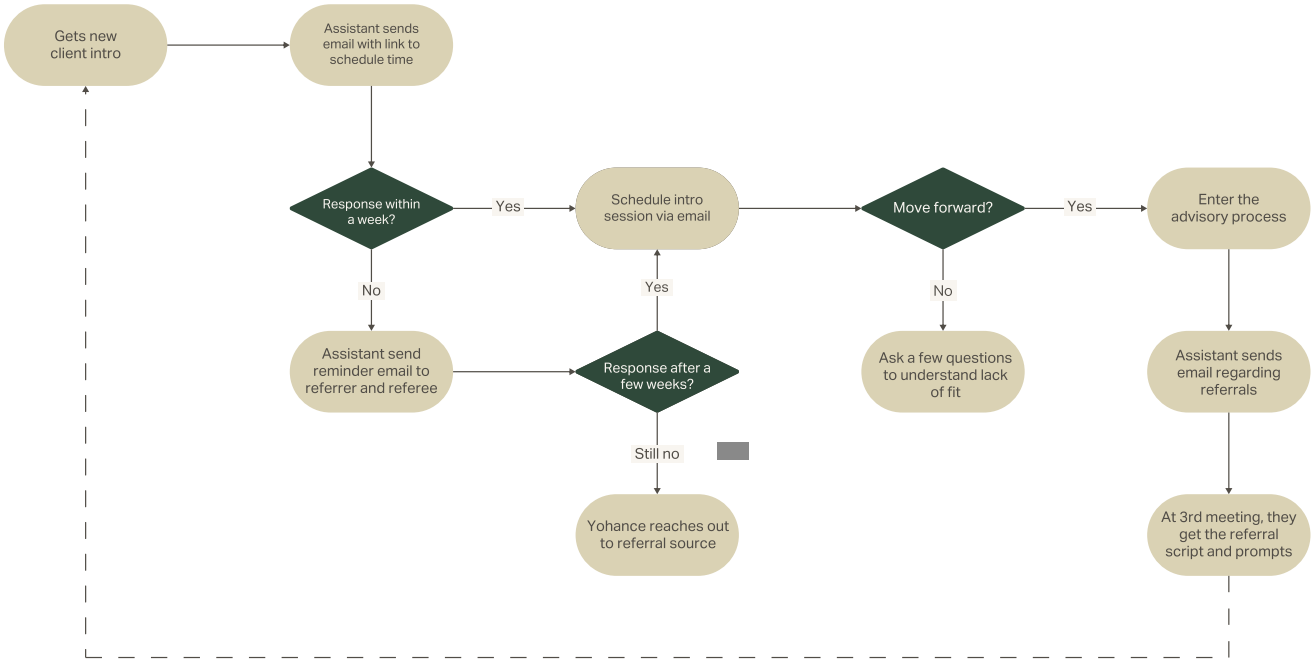
- "Did you enjoy the time that we had today?
- Hey, a lot of people I talk to find that to be true. If you have a moment, I'd like to ask you one last question.
- As a financial advisor my goal is to create a referral-based practice. I do that by getting introductions from individuals that enjoy me and enjoy the process.
- If you'd like, I'd like to brainstorm with you a little bit to see if we could think of some individuals who might be open to this…"

Unfortunately, brainstorming is never as easy as it sounds (as much as we want the ideas to flow freely, the pressure to produce can get people to clam up). To get the wheels turning for his clients, he uses prompts that guide him towards his ideal client type.

- "Business owners work incredibly hard for their business, but may not know how to make their business work as hard for them. Who do you know that is trying to start a business?"

Build a repeatable process into your client meetings

Your goal is to create a “referral flywheel” — once it starts spinning, more clients lead to more introductions which leads to more clients, more introductions, and so on. The important thing isn’t to replicate this process perfectly, but to find a process that works for you and stick with it. The graphic below is simply illustrative of how you might create multiple touch points, so that no potential introduction goes unexplored.



Refine your ideal client "avatar" annually

Every year, Yohance reinforces his method by focusing on referrals that get him more of his ideal client type. It's a simple, effective process that has opened up countless opportunities for his business… and it works like this:

1. Write down, in detail, your ideal client "avatar"
2. Look at your client base and assess who fits the mold
3. Take them to coffee or lunch (not related to financial planning)
4. Share your goals for the firm
5. Ask for advice: "If you were me, and looking to grow, how would you do it?"

And in Yohance's own words,"They will tell you exactly how to access their entire network." For the price of a coffee or lunch, I'll take it.

A great referral program turns organic and inorganic growth into more organic growth.

Creating a simple script, establishing a process with multiple touch points, and spending time refining and discussing plans with your ideal client avatar is doable for advisors at any stage of their business.

The only thing that beats an organic growth strategy? An organic growth strategy paired with a focused marketing strategy. In the next section, we'll dive into marketing (specifically, why it doesn't have to be complicated to be effective).

Find Your “One Thing”

A word of caution: if you’re doing something and it is working (good economics, consistent results, etc.) just keep doing it. Shiny object syndrome is real and it is bad for business. There are very few hacks in this business when it comes to client acquisition. Hard work goes a long way.

People have a tendency to overcomplicate marketing

I used content marketing and event marketing to build both of my RIAs. Blogging and events both played to my strengths and I was ultimately able to hire and teach others how to manage a process that had proven successful. Here’s my guidance to you:

1. Consider the major domains (audio, video, written content, in-person events) and then ask yourself, “what do I like doing that I’m also somewhat good at?”
2. Build a simple funnel — i.e. where will clients find you, what will they learn about you on your website, what can they do next, how do they get in touch?
3. Follow a basic framework for content creation: Identify a problem, agitate the problem, offer a solution.
4. Measure results over an appropriate time frame (then pivot or double down!)

The “one thing” approach

A theme I’ve noticed among advisors who have achieved uncanny growth is that they find one thing that really works, then double down and scale it out by training others to execute. For example, Matt Gulbranson of Pine Grove Financial Group found success with educational seminars. He’d send out 10,000 direct mailers, get 40-50 registrants (he charges for the class — perceived value matters), and a good handful of new clients from each seminar with a CTA that basically amounted to “if you want to take this a step further and get more personalized, please get in touch.”

Because he was able to create a system that regularly produced revenue, he was able to attract top talent and subsequently train them to run the system on their own. We’ll touch on building a team in the next section. Before then, let’s explore a few more examples.

Another example of finding “one thing” that really works is what Alex Newman of Grape Wealth Management is doing in Temecula, CA. Alex was recently on The Advisor Journey podcast and walked me through the community he’s built by hosting wine-tasting events that connect local retirees. Alex started by creating a Facebook group (Retired Temecula) and running Facebook ads to drive attendance.

He’s since created a website that ranks #1 for search terms related to retirement in Temecula (about 260 searches per month) and hosts a quarterly event. The food, wine, and venue run him about $2,500 and he generates $12,000 in annually recurring revenue per event. That’s a payback period of one quarter!

He keeps the event light in terms of advertisement — at the beginning he'll open things up with a casual welcome that includes:

- A "thank you"
- Why they created the event
- What he does (although he's "not here to talk shop")
- And a soft call to action like "let me know if you need any help around what I do."

The "one thing" approach

You're creating a system that can scale outside yourself. And an existing system that generates revenue is a critical part of bringing great employees to your firm. In the next section, we'll talk about the major considerations of building a strong team.

Build a Killer Team

Running a business and being a financial advisor are two completely different skill sets. This becomes evident for most advisors when they max out on the number of clients they can individually serve and need to make their first hire.

In this section, we'll review a few useful mental models you can use when making hiring decisions and, more importantly, setting the foundation for your team culture.

If you've done the steps preceding this one (established a vision and delivering a great client experience, referrals are dialed in, and you're fine tuning an economical marketing motion) then you'll be in a great spot to attract capable talent. Generally speaking, there are three things to look for when hiring:

1. Will this person meet (or exceed) my standards of quality when it comes to job performance?
2. Are they bringing a complimentary skillset to the team? Not everyone can be the visionary type…
3. Do they share the vision I've established for the firm?

I've found that these questions help reduce the number of "bad fit" hires I've made over the years (a few of those are inevitable — when you find yourself with a bad fit, move them out of the business quickly).

Team culture is a differentiator

By this point, I've sufficiently hammered in the importance of establishing a vision. What you're doing and why are very important to define. But equally important is how you'll go about realizing your vision. This is the question of values. At Altruist, our values are Kindness, Brilliance, and Grit. Spend some time thinking about your values and the values you'd like to bring forth with your team. These are the foundation of your team culture.

To attract and develop good people, you need to create an environment where employees can succeed. That requires:

1. Investing (time, effort, money, etc.) in talent development;
2. Establishing clear standards around your expectations while giving them the space to figure out the details;
3. And genuinely caring about getting them where they want to go.

These aspects of team building are especially important in today's market, where talent is becoming harder to retain.

Hire based on where you want to be

The talent you hire should be able to help your business run smoothly so you can focus on the one or two key activities that fuel growth: spending time with clients and prospects. I'm not kidding when I say I paid my first employee more per year than I paid myself. They were overqualified for some of the work I had them doing, but I needed their skill to free up my time for the things that would actually grow the business.

Final Thoughts

If you hope to reach and surpass the $100m milestone I encourage you to remember this mantra: simplicity scales. Build processes around referral capture and marketing that can be taught to others, so you can think about creating an exceptional client experience and building a strong team.

If you're a growth-minded advisor looking to scale your practice, unlock time and budget for growth, and delight your clients, get in touch by visiting altruist.com.

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3030 S La Cienega Blvd Culver City, CA 90232