

Susan
Rosenhoffer:

Hi there, everyone. Good afternoon. Thank you for joining us for today's First Clearing's speaker series event. We're really glad you're here. I'm Susan Roseanne hopper, director of market growth and development for First Clearing. I'm going to go through just a couple of housekeeping notes. So if we can move to the next slide and then I'm eager to introduce today's speaker. Okay.

So, please go ahead and take a look at all of the caveats on this slide. This is a restricted line, and we hope that you mean to be here, if not go ahead and disconnect. And we are going to record today's webcast so that we can share that recording with you and then you can share that with others on your team, perhaps, that aren't able to join us today. So, let's go ahead and get to the good stuff.

For today's discussion, we've invited Tina Downing with Russell Investments to join us and help us to learn more about building a high-performance team. Tina is a senior director who leads and actually, I apologize, thank you so much. We've got a great slide on Tina. She's a senior director and leads Russell's advisor business consulting group. She spends the bulk of her time delivering strategic business planning, consulting, and then ongoing coaching and consulting to investment advisors across the United States and Canada.

When we were preparing for today's conversation, I was thinking back to some time that I spent in the coaching and consulting business for teams and advisors and the question that I got asked most often was what makes a great team tick? And we've got the perfect person today to help us answer that. She's going to share her fantastic insight with us on this subject and she's agreed to answer questions when she wraps up. So, get your questions ready for her. So, thank you so much for joining us, Tina. Welcome.

Tina Downing:

Right. Thank you so much, Susan. I'm really thrilled to be with all of you today. This content is really near and dear to my heart as I spent many, many years sitting in your seat as a advisor and eventually as a producing branch manager and really built my own team and eventually transitioned my team when I moved into senior leadership.

So, I've gone through every phase of teaming, from forming, norming, storming, performing, and even passing off the team and my clients to my team after I went into leadership with the firm. So, I am so happy to be able to share some of the insights that I've gained throughout the years. And Russell has been helping advisors for many, many years. We just celebrated our 85th year with helping with investment solutions and being able to provide investments that are better for your clients and helping them create better outcomes for them and their families.

But we also, last year, just celebrated our 21st year at helping with business solutions. Helping with all the practice management, ideas and best practices

and helping work through issues with you and your practice and trying to help build practices that are profitable, sustainable, and that live beyond you.

And we break it down into three categories. One is optimizing the business, evolving the practice to where the business model is going, and always staying in front of that curve. And then also revolutionizing the business, becoming that high performing team. And we've worked with thousands and thousands of advisors and teams and firms throughout the years and we found that there are three things that high performing teams do as they allocate their time.

The first thing is they truly do prioritize client engagement and business development. It's not an either or a strategy. Client engagement with being able to build advocacy and a referral base is key, but also constantly looking to grow the business, especially with the demographics of our clients today, to making sure that the business is sustainable over time.

The other thing that high-performing teams do is they optimize their capacity and always are looking at ways to systemize processes, to make sure that they're doing the right things for the right clients and spending the right amount of time doing it, making sure that everything is as systematized as it can possibly be.

And the third thing that we find is they have a laser focus on doing the things and creating the solutions for the things that the clients value the most. And they have a clear process on how they determine what the clients do value and being able to take that client through a discovery process to truly identify those value points. But does all of that, ultimately, if you work on all three of those things, does it ultimately lead to revenue?

And the answer is yes. There was a study done by Business Matters that was published recently that looked at revenue impact based on certain things that high-performing teams did. 32% of the practices that actually had effective client segmentation, were able to provide top level service, top level of clients, that was unmatched in the industry, 32% of them actually did 56% more revenue by doing that.

The second thing that they found was that 43% of the practices that actually had a touchpoint, a meaningful touch point to their clients of 12 or more every year, also had a positive revenue impact of 56%. The last thing is 20% of the practices that had a documented 12 month business plan, and even 20% of those even had a three to five year strategic plan, actually added 68% in revenue going forward.

So, the important thing to take away from that stat is you have to work on the business as well as working in the business. But we know that that's pretty tough day after day. And there was also a study done by Sorelli and Associates that talked to top advisors and top teams and asked them what it is that caused them

challenges, self-reported challenges, to productivity and being a high performing team.

And the first thing they said, 94% of them said that service challenges across the segments were an issue. That really comes down to segmentation and how they actually executed as a team. 93% said they had inconsistencies across multiple roles on the team. This is particularly tough right now when maybe some of us are still working in a hybrid environment, of how do you keep your team productive and moving forward even if you can't see each other face to face every single day?

And then 97% said that they have issues actually delegating work to team members. Why does this actually happen? I think there's three reasons. One is pure capacity. We just have too many clients that we're trying to do too many things for. How do we actually narrow the field of what we're trying to accomplish every day? And then there's scalability and what are the resources and tools that you can actually leverage to create scale in the practice as it relates to investment management, client service, reactive service? And then are you taking time away from the business to work on the business, to look at where the business model is going, to help try to prioritize what's important to your clients today, and what's important that the team has to execute on no matter what?

When we think about your practice going forward, we actually break it down into what we like to call our practice of the future components. And part of this process is truly trying to take a step away from the business to see what it is that you're trying to accomplish. What is the aspiration for the future? What is your vision for your practice and for your team going forward? Let's look out five years from now. And if you could create the perfect practice, what would it actually look like? And then where are you at today? What is the current state and how are you analyzing it and using data that's available to you and information that's available to you and resources available to you to really analyze every component of the practice? And I'll give you some ideas around that.

And then what does the strategy look like? What do we want to do when we're defining the path to excellence moving forward? And what is the organizational structure that you need underneath you to actually execute on that strategy? Because you may find, like I did, my business model had to change. The structure of my team had to change. I had to not only add people, but I also had add function and roles to the team as well. And then when you do add people, you're working with humans, you're working with people that are motivated certain ways. How do you make sure that they have total role clarity on what's expected of them? And how are you setting those clear expectations and then setting accountability models around that to make sure that you execute and that you're monitoring progress along the way?

So, as we start to look at these, let's break each one of these down into different components. So, when we think about vision, there are questions that you as a team should be asking yourselves every time that you go into a team planning session. And this is the perfect time of year to actually do that. So, the first question you should be asking is what do we really want our brand to be? What do we want to be known for with our clients? And the community? Within the firm? What do you really want your brand to be? And are you building a practice and systems to make you as efficient as you can possibly be? To make sure that your return on your time and energy and your investment is at its best?

And then there's profitability. What about profitability? How are you actually analyzing that profitability and the practice over time? And do you have a way to look at each client and each segment of your clients to see how much time your clients are actually earning from you based on the revenue or the contribution that they actually make to the team.

And then there's growth. Are you continuing to grow the business? This to me is one of the biggest things that I'm worried about, and I was as an advisor as well, is how do I continue to grow? The average age of our clients is somewhere between 55 and 75. Over the next 10, 15 years, your actual client is going to change. So, how is your team really focused on growth and what you need to do for the future to make sure that you have young growers, that you're in that inheritance line of keeping family accounts, how do you focus on making sure that you're building the business?

In reality, the studies show that the number one way that advisors have grown their business for the last three years is through market appreciation. I don't know about you, but I don't want to count on market appreciation for the growth of the business going forward. And then how are you mitigating risk and analyzing risks knowing what's happening now? And in the future?

We had Reg BI come out last year, probably the worst possible time, but it really did make us all turn our eye to the risk that we're taking within the book every single day. And then there's execution. How is your team executing and do you have a formal accountability structure to be able to hold each other accountable to your role on the team and the expectations that the team have for each one? And how are you communicating where you are in any given time? The certain tasks and responsibilities actually on the team.

If you answered no to any of those questions and you don't really have a plan there, it's time to really dig deeper. And when we dig deeper, we actually divide your practice into four different categories. I would argue to say that you could probably break down any business in these four different categories. The first one is adopting the mindset of a CEO. So, what does that mean? Adopting the mindset of the CEO. A CEO always pays attention to acquisition of clients and new business, and making sure that you're keeping the business that you have and retention strategies.

You're always thinking about the strategy and what the business model needs to morph to and evolve to over time. They're think about branding and marketing, two very different things. The brand is what you want to be known for, the marketing is how do you get the message out there? And then there's, how are you managing your time and what everyone is doing? Is everyone on the team actually spending the right of time doing the right things for the right clients at any given time?

And then how are you actually bolstering business valuation? Because eventually you may want to move to the next chapter of your life instead of working 24/7. So, how are you actually making sure that you're making decisions about the business that actually add value to the business over time? And how are you thinking about risk and process systematization over time?

The next part in the component of the business is really client centric engagement. How are you delivering on the things that the clients value the most, that includes your reactivity when a client calls in, those reactive service touch points that you have. The proactive engagement you have. The wealth management strategies that you do. The capacity management. Your one-to-many strategies for your lower level clients. Here's bespoke, planning processes for your top level clients. How are you managing all of those things so you can actually set a roadmap for the client so they know at any point in the relationship what you're going to be doing for them and what to expect next?

Then there's a discipline investment strategy. That includes inventory management. I know for me, at one time, I had 600 different Q slips in my business. That to me was not a scalable model. So, I went from transactional advisor to managing my own portfolios, thinking that was going to give me time, it didn't give me enough. Eventually moved to model management so I could spend more time on the things that the clients valued, which was helping them with life decisions and doing the wealth planning part. Also thinking about taxes and the impact that it has on the clients. Today especially, everyone's concerned about taxes. I don't think anyone of us thinks that taxes are going to go down right now. And what about tax location or asset location versus asset allocation?

And then the final thing is the team-based approach. And as you're thinking about all of these things in your practice, you also have to think about the things in your team and the people on your team. If you're not on a team right now and you're trying to build that team, how are you doing that and making sure you're picking the right person at the right time? And then if you are on a team or you're leading a team, what does the team structure need to look like? Maybe it does need to change over time. And then how do you actually develop team members, motivate team members, and make sure that everyone is working toward a common purpose?

And as things get hectic, like they did over the last 18 months, what about team dynamics and how we work together and communicate together? That to me is a key component of how you set ground rules in the team on what you're doing every single day.

And then in the analysis state, are you measuring your capacity every single day? Looking at key client thresholds, new client capacity? Are you aligning service with revenue? Are you mitigating risk and looking at what the lower level threshold clients, the risks they actually may bring to the practice from a [inaudible] and a reputational standpoint? How are you actually working with that regulatory risk to make sure that any clients you have, you can document what you're doing and answer questions if a regulator would walk in and ask questions about any client that you have in your book?

And are you leveraging your time? Do you know what your time is worth? And how are you actually changing what you're doing every day to make sure that everyone is doing the things that are the highest and most effective use of their time and doing high impact activities?

And then finally are you examining those revenue sources so you know where the opportunities are, the challenges are, what business you have to actually cultivate over time.

And when you look at your client service model, are you creating rave service for your top level clients? What does rave service mean? It means that you're creating something that's rare, that they can't get anywhere else. It's hard to imitate. Are you building advocacy with those clients so you are actually getting referrals from your best clients? Are you doing the things that the clients value most? And do you have a process to understand what it is they value and is that experience at such a high level they want to talk to anyone they can and talk about what you and your team does for them?

People never refer a process or a product. They always refer about an experience that they had. So, as you start thinking about all of those things, how then do you lay out to the client the journey that they're going to go on with you throughout their entire life. And if you're going after the next generation, this is even more important as well, because you have to be able to show them how their needs are going to change and how your practice and your team can help with every stage.

This is why diversity on the team is so important. To have different skill sets, to have different ages and perspectives on the team as well. And are you looking at the mortality effects of your clients on your revenue going forward? Because we tend to spend time with those clients that are paying us the most in revenue, but we have to also focus on young growers in that next generation to make sure that 10 years down the road, 15 years down the road, how are you actually bringing in those businesses and making sure there's actually, over the next 10

years, going to be a 40% shortage in advisors out there because there's more advisors retiring than there is new advisors coming in.

So, how are you and your team putting yourself in a place that you can take on some of that business? Think about the client mindset. The client is thinking when their advisor retires, should I look to see what else is out there? And if you are a high performing team, your clients never have that question themselves. But you can position yourself to be able to take on a lot of business over the next 10 years and potentially even double the business. Providing you're spending time on the things that are urgent and important.

And the next stage is the things that are important, but not as urgent. And when I talk to advisors over the years, and especially here being at Russell and coaching advisors over my entire career, one of the biggest struggles that advisors tell me they have is they get caught up in that minutia of working on things that are not urgent and not impactful. And so with you and your team to become high performing, how are you categorizing and prioritizing workflow to make sure that it is the most impact that it can possibly have for the team going forward?

And then when you think about your strategy, there's different components to your client service model. It is really about making sure that the client is comfortable with what you're doing and they understand every step of the service that they'll get from you. Whether it's the holistic planning that you do, the tax planning you do, the risk management from an investment management standpoint, or it's looking at what types of portfolios are appropriate for them or income generation things or alternative investments, all of those things around asset management.

But it's also about how you set your meetings and reviews to make sure the client knows what to expect, especially now. When you're going in for a quarterly review, do you have a set process to be able to do that? Do spend more time talking about the perspective that's out there and all the things that are going on in the world and how it affects them and their priorities and what may have changed? Or do you spend more time talking about the assets that they have? The key is to shift it where most of it is talking about client priorities.

And then there's proactive engagements. What do those touchpoints look like? How often should you do them? Clients say, in one of our other presentations, we have a lot of stats around the fact that over 60% of clients say that they stay because of the touch points and the cadence and the type of interaction you have with them. Not because of performance. And then the other thing is the standard of care. What are those reactive things when they call in with a problem? The number one reason clients leave is because they're not getting answers to questions quick enough.

So, what are the process like within your team to prioritize problems when clients call in and is there a prioritization of clients when you're going to problem resolution? And then what are those proactive events that you're doing to educate clients about what's happening today and how it affects them and how to plan for the future and how to have conversations with their kids and their grandkids and all of the generations that you want to touch within their lives?

All of these things have to be centered around the client. These systems and processes are things that you can create within your team. And when you create the service model, you have to be careful though. Because when I created a service model and my team did, we were ambitious. We wanted to do all these things for top clients, and we were excited about doing it.

But when we started really looking at the time to do it and the hours available, and when we started putting it on the calendar, we realized that there was not enough hours in the day to actually execute on what we had gone out to our clients to tell them that we would do for them. Having a checks and balance of team capacity and what you can truly execute on is key.

Also, refining your focus around those things that the clients value. You have your envision cards and discovery cards that are perfect for this type of process. Able to take the client through a formal rediscovery process. We're going through the biggest reassessment of client priorities that I've ever seen in my entire career and use the process and the resources that you have to be able to identify what's happening in the client's lives.

I would venture to guess if you call 10 of your top clients, there is something major, a major decision going on in their life that maybe you haven't heard about. Now's the time for rediscovery and for segmentation. To understand the tiers of your clients, we believe that advisors in teams tend to over-complicate the segmentation structure. But think about it in terms of two levels of service. Your top clients and then everyone else. And then how are you looking at the quantitative things that you do for them? And this is the segmentation that you have on who you're going to do what for. What is the qualitative segmentation, the other things that clients contribute to the practice other than revenue and the things that you can actually focus on? And then who is actually going to be responsible for that relationship ultimately over time. And then you can fill out what everyone on the team should be doing and who is actually responsible as you're starting to break down roles and responsibilities.

Now when I find teams doing this, all of a sudden they realized, it's come to light, that they are past capacity. Don't fall to the people piling problem that we see. Don't just add a body to the team because teams tend to get dysfunctional when just adding someone. 85% of the team say that they're near capacity, actually develop from within and promote someone. But 82% of advisors spend less than five hours actually managing that.

So, when you're looking at your organizational structure, should you have a vertical structure where there's one main decision maker? There's advantages and disadvantages to each of those, and happy to actually talk to anyone about those advantages and disadvantages. Because as you start working through them, having one decision maker is good in a lot of senses, but it also can cause challenges. Is there a horizontal structure where you have more than one decision-maker? It creates synergy and ideas, but also you have to have a clear decision-making process if you do that.

What about a team that is strategically organized to use internal people on the team, external on the team, internal people from your firm, and resources like myself? Your structure is really important when you look at the advantages and disadvantages, because it allows you then to pick the right people doing the right things. And what we find though, is when you think about roles on the teams, 67% of teams that we talked to, and in this recent study, shows that they've actually been affected by a bad hire that costs them a lot of money and they've spent a lot of time actually trying to retrain and bring people in.

So, this roles and responsibility is key. And as you're looking at roles and responsibilities, when you think about it, think about them in two standpoints. One is relationships, whose role is to take care of who, and expertise alignment as well. And as you look at the roles and responsibilities, who on the team should be focused on top clients? The at-risk clients that are paying you well but you have a risk of leaving? How do you manage the liability and the over-servicing of certain clients and who is actually aligned the team to take care of those things and be responsible for each level of client that you have? And do they have a specific mission within the team?

Want top advisors to build advocacy and referrals and to gain wealth, and the lower level clients or the bottom threshold clients, being able to create a good core level of service for those clients so it still feels right. And then looking at the roles and responsibilities and aligning what you want to do to the specific need on the team from a role standpoint, and then putting the right position on the team, and then thinking of who the right person is to align to that particular responsibility.

Thinking about incentives along the way and how you work through making sure that people are incented. People are incented by money or by ownership and having a plan of what you're comfortable with as you're running the team to make sure that all of those things are in place. And then finally, before we open it up for questions, because I know we went through a lot of this really fast, is how about execution and monitoring? Having formal accountability meetings to make sure that you're talking about what's going on day to day, maybe with a daily huddle. With collaborative meetings, maybe having a weekly principal meeting on what the strategy of the firm and the processes within the team. Quarterly development meetings and maybe annual strategic meetings.

And we know that once you have all these meetings, what gets tracked gets done. How are you setting up a system to be able to communicate to each other where you are when each of these things, when you leave a meeting, to make sure that execution actually happens.

So, high performing teams think about this. Like a business, like a CEO, they break it down into components. But it's overwhelming. And one of the things that we can do is really help look at all of those things and say, "Okay, what can we change today or enhance today that can give you the next step to where you want to be?"

Because incremental change is sustainable change. Let us help create a plan, work with your firm to create a plan, to be able to optimize the book, evolve the practice, and eventually become one of those elite teams that are so high performing that you become the standard within the industry.

So, Susan, why don't we stop there and turn it over for questions and see what we have out there? We just threw a lot at them. So, I'm hoping we have a lot of questions.

Susan
Rosenhoffer:

Fantastic. Thank you so much, Tina. And yes, a lot, a lot of great information. And I particularly liked, I think it was on the last slide, that said that the journey of a thousand miles begins with a single step, right? And so I'm very much, it's a process.

If you would like to ask a question, and we hope that you will, what you need to do is you need to raise your hand over in the [inaudible] apologize. You're going to raise your hand over on the attendee panel. So, that is over on the right of your screen. So, while we let folks gather their questions, I have a question myself.

At the beginning of your presentation, when you were talking about the items, the services that clients value most. And I thought that that was so interesting in thinking about really putting that client lens on, very thoughtfully, how I want to structure my business or my team or my practice. What is that guidance based on?

Tina Downing:

Yes. Every year we do a study, it's called our value of the advisor study. And we research what it is that clients value most about what advisors and their teams do for them. And every year, we've done it for seven years, and every single year for the last seven years, the number one thing that clients say that they value most about their advisor and their team is the behavioral coaching that we do.

Now think about last year in March. We had February the 19th, the highest in the S and P, client had \$100,000 with you, and a few weeks later, they would have had \$70,000 with you. That behavioral coaching becomes the key. But to be able to do that coaching with the clients, you have to have capacity to do it.

Otherwise you're just in reactive mode. And so when you think about behavioral coaching, those proactive touch points and education that you do to help the client prepare for times like March of last year and everything has been going on in the last 18 months, that's really the key.

The second thing that they have on this, in the value of the advisor study, is a customized approach for planning and what you do for those clients to make sure they have good outcomes in their lives.

Susan
Rosenhoffer: Excellent. And that, when you're leading a team and when you're hopefully invigorated about revisions and refinements that you can make to how you're structured or how your offering is structured or what you're doing, I would think that that would be a great place to start. Really with, what are the clients really looking for, and then how can we maybe start there and then build from that?

Tina Downing: Yep. And rediscovery of the clients and their priorities is the key to doing that.

Susan
Rosenhoffer: Yeah. And it's so interesting because I think oftentimes, most often, that's what the advisors really are energized by as well, is when they can have that time to interact with their clients. Fantastic. I don't see any hands raised, so we'll give that just another minute or two. If you do have questions, we've got the experts on the line here.

So, this is our second in our speaker series. Our third and final speaker series session will be coming up on October the 20th. And going along with our overall theme of performance, that session is going to be about understanding sleep and anxiety and optimal performance. So, I myself am looking forward to that and hope you all have registered for that. If you haven't, you still may.

Let me see if we have any ... I don't believe we have any questions. Thank you so much again, Tina, for joining us. We really appreciate it. It's great info. We will be posting a replay of today's discussion on our website and we'll be emailing all of you attendees with the link to that so that you can access that and then let us know how we might be able to help. But thanks a lot, Tina. Take care and take care, everybody. We'll see you on October the 20th.

Tina Downing: My pleasure. Thanks so much. (WFA CAR-0621-02904)