Conversation with Christine Gaze

CIMA, Director of Practice Management at TD Ameritrade

"Breakout Growth–How Advisers are Taking Their Practices to the Next Level"

Saturday, March 9, at the FPA Business Solutions 2013

The breakthrough thinking, the "aha" moment, the turning point–all can lead, in various ways, to breakout growth for your practice. The epiphany, according to Christine Gaze, CIMA, Director of Practice Management at TD Ameritrade, can lead to a strategy for new client acquisition, a high-performing team, and more efficient use of technology. What separates good from great advisers is the disciplined action that follows the "aha." Christine and three top-performing, high-growth advisers will present a panel discussion, ***"Breakout Growth–How Advisers are Taking Their Practices to the Next Level,"*** *on Saturday, March 9 at the 2013 Business Solutions Conference.*

1. What are some of the common threads that separate great advisers from good advisers?

According to a recent study by Investment News/Moss Adams, top-performing advisory firms, from a human capital perspective, experience 78 percent higher revenue, 54 percent higher AUM, and 48 percent higher pre-tax owner income than average firms. Our team found these numbers eye-opening, so we set out to conduct some adviser research of our own to help us create a path for advisers to follow and the tools to support them on their journey from "good to great."

If you look at the evolution of an RIA practice, as RIAs experience success in growing client assets they hire more people to help support it. Logic follows that the bigger the business you have and the greater the number of people, the more complex it becomes to manage and lead it. In our field research, with firms such as the ones we are showcasing on the panel, we have seen a great number of firms that have managed to achieve incredible growth rates. Some of the common threads that run through their practices are that they have established a culture that supports growth, attracted high quality talent, clearly laid out goals and roles, and constantly work to ensure the people in the practice have the tools and resources to do their job.

2. Tell us a little about your panelists and their own breakout stories.

At the session, you'll hear about key decisions that lead to the achievement of breakout growth through the distinct lenses of a founding principal, next generation owner and a leading woman principal.

Tom Muldowney of Savant Capital LLC is a founder and chairman of the board whose office wall is colorfully decorated with growth milestones, including his most recent, $3 billion in AUM. In order to go from an "entrepreneurial practice" to an "institution", Savant had to "break the old model without killing the company." Savant has created an intentional strategy for growth from the very beginning, which includes naming of the company, hiring and developing great people, sharing ownership and accountability. With more than 35 years of experience, Tom can speak to every stage of RIA growth with authority.

Mike LaFontaine of AZA Capital Management represents the viewpoint of a next generation owner. In the last three years he and his partner have built the Chicago office from the ground up, made it profitable in less than a year, and in the last 10 months have added $40 million in new assets by carefully cultivating strategic alliances with other investment firms, in addition to $100 million in organic growth. Their efforts have won them the trust and respect of the firm's founder and have helped the firm diversify its revenue stream and begin to write a new chapter for future growth.

Heather Locus, a principal and key rainmaker at Balasa Dinverno Foltz, has helped to lay the bricks in the foundation at the firm. In the early days she wore many hats, but made it a priority to ensure that processes were defined and documented so that new employees could come up to speed quickly. She has trained and mentored many employees, two of which have recently made partner. All these efforts have helped to create capacity for Heather and the firm's founders so that they could think strategically about how to accomplish Big Hairy Audacious Goals (BHAGs). They have seen cumulative growth of more than 450 percent in the last decade.

3. How do you define a "turning point" decision? Do advisers typically recognize it?

Not all decisions carry equal weight. A turning point decision is a decisive moment when the momentum of the business has the potential to drastically change. The actions you take right before and immediately after this turning point are exponentially significant to the results achieved, for better or for worse. Our team has research and benchmarking data around when firms can expect to see these turning points, but advisers who have experienced them firsthand will tell you they do recognize the opportunity through a gut feeling or intuition. Often, it is not a *good* feeling about the business. We hear things such as, "It was exhaustion–you just get to the point where you can't do the things that are important because you are doing only things that are urgent." Or, "I realized that I couldn't be all things to all people." A challenge presents itself because in this exhaustion or uncertainty, making clear, strategic, educated decisions can be extremely difficult. This is why we have a dedicated focus on helping advisers break out of plateaus and pitfalls by sharing stories of those who have walked before them, stumbled a bit, and risen up.

4. Can you have breakout growth without a high-performing team, good back office, and good technology–in other words, does the infrastructure need to come first?

Yes, but . . . there are plenty of firms that have grown exponentially by winning new clients on a consistent basis. There's a difference between significant growth and the kind of breakout growth we are talking about, which involves a sustainable growth trajectory that can be supported by the right people, process and technology. If a firm grows and grows without putting some good thought

into the foundation, something usually gives. There is a massive decline in the quality of client service and, as we all know, clients vote with their feet. Employees are frustrated with the frantic, harried, dysfunctional environment they work in and the best ones leave. I don't think infrastructure needs to come first per se; for many RIAs it is iterative and not linear, but if the key decision makers neglect it for too long as the firm is experiencing massive growth . . . it's not pretty.

5. What are the top two or three questions advisers who attend this session should ask?

They should ask themselves: "Is my firm poised for sustainable growth? Do I have the culture, the processes, and the people to support it?" If the answers to one or both of these is "no," then I suggest they listen well to our panelists as they discuss their journeys to answering "yes" to these questions.