

NAPFA SPRING

2019 NATIONAL CONFERENCE

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Build Your Dream Team

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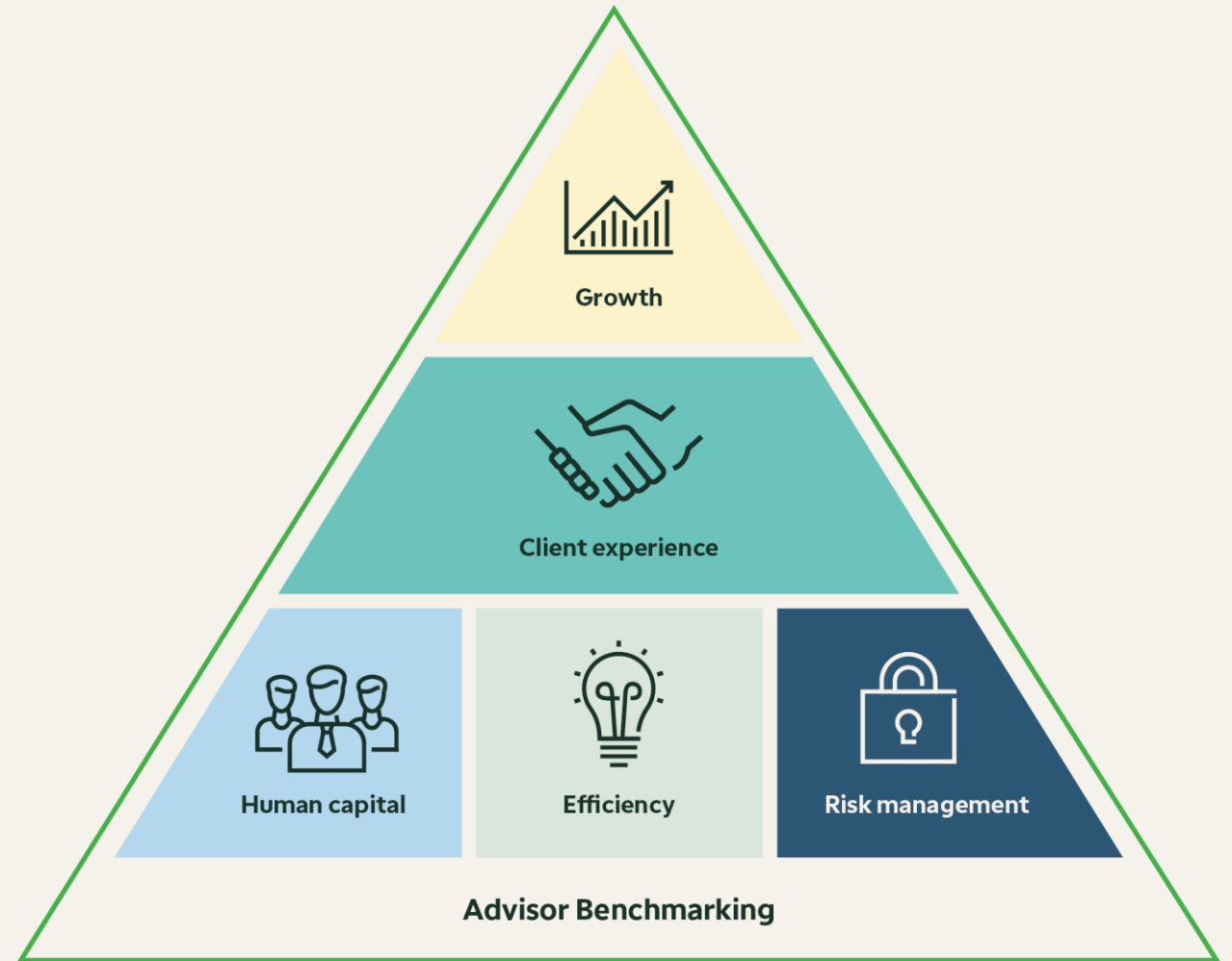
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Business Performance Solutions

Business Performance Solutions

strategically guides you through five core areas, reinforced with advisor benchmarking, designed to help you run a better business. Its flexibility allows you to progress through all the areas or just the ones most critical to your needs.



Access to **RESOURCES**

How to Access Business Performance Solutions

1. Access on-demand resources
2. Participate in interactive, educational events
3. Get personalized guidance



Our Time **TOGETHER**

01

Industry Benchmarks for Emerging Advisors

Relevant Stats & Emerging Firm Persona

03

Sourcing the Right Talent

Finding & Hiring Great Recruits

02

Determining Your Next Best Hire

Identifying the Role & Assessing Affordability

04

Driving Employee Engagement

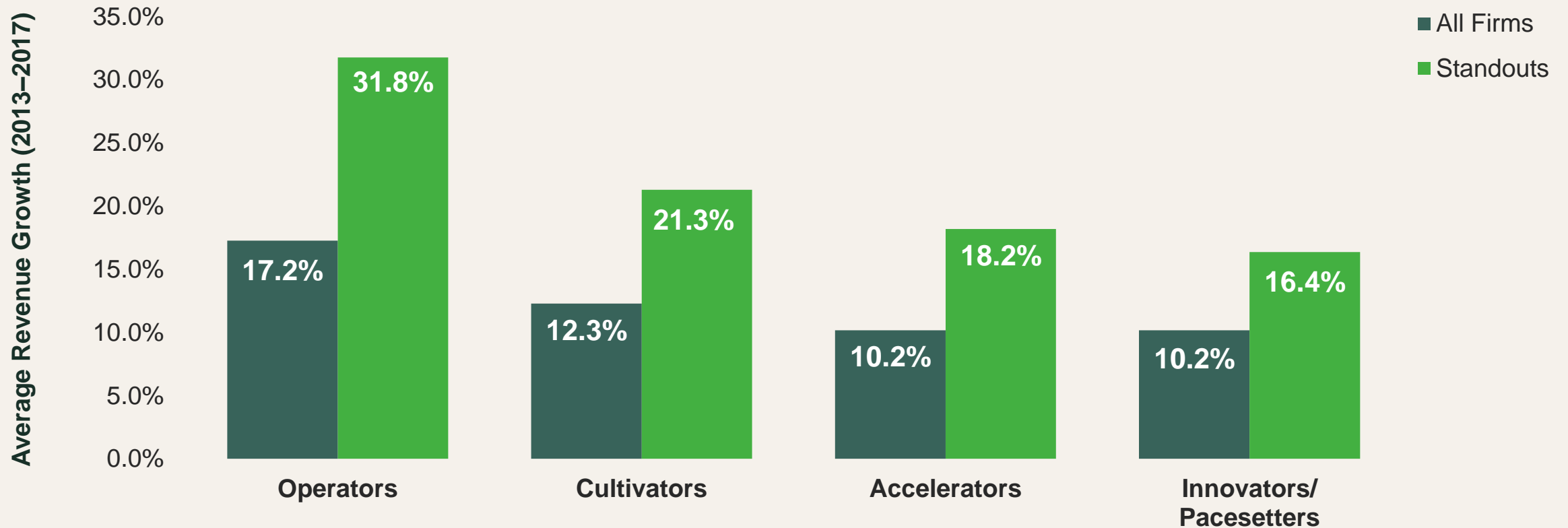
How to Motivate & Keep Your Best People

The background image is a composite of two office scenes. The main scene shows a man with a beard and a woman smiling while looking at a tablet together. The man is wearing a dark blue button-down shirt and the woman is wearing a light-colored patterned blouse. A second scene on the right shows a person holding up a large sheet of paper with architectural or technical drawings, with another person sitting at a desk in the background. The overall tone is professional and collaborative.

Industry Benchmarks for Emerging Advisors

Revenue Growth **BENCHMARKS**

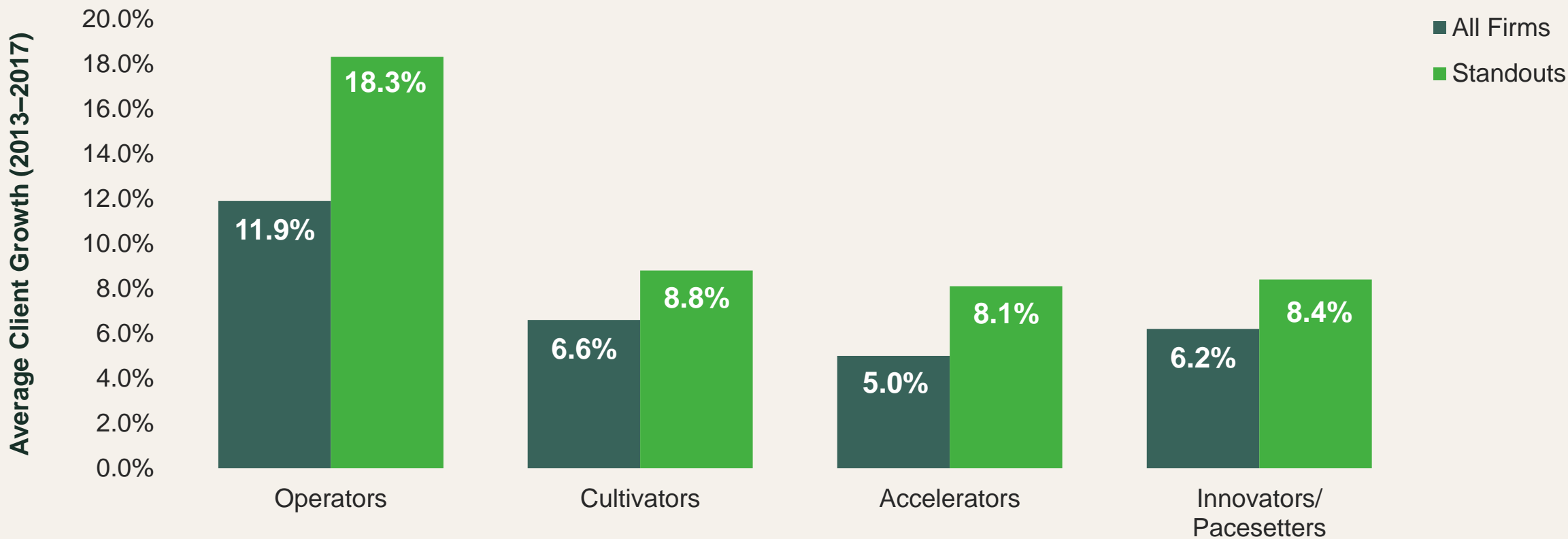
Growth rates across the stages



Source: *The 2019 FA Insight Study of Advisory Firms: People & Pay.*

Client Growth **BENCHMARKS**

Historical rates of client growth



Source: The 2019 FA Insight Study of Advisory Firms: People & Pay.

Avoid **GROWING PAINS**



Emerging Advisor **PERSONA**

Baseline Metrics

Active Clients	65
Revenue	280,975
Assets Under Management	34,000,000
Overhead Expense Margin	35%
Operating Profit Margin	12.1%
Owner Income	160,791

People

Total FTE	2.0
Revenue Roles	1.0
Dedicated Management	-
Technical Specialists	-
Support Staff	-
Administrative Staff	-
Non-Revenue Roles per Revenue Role	1.0
Total Owners	1.0

Ratios

Revenue per Revenue Role	210,000
Clients per Revenue Role	53
AUM per Revenue Role	26,000,000
Revenue per Total FTE	126,002
AUM per Client	482,899
Operating Profit per Client	288
Revenue per AUM Dollar (Basis Points)	83
Owner Income per Revenue Dollar	0.65

Annual Growth, 2018

Revenue	18.8%
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**\$100K to
\$500K**
Annual revenue



Source: *The 2019 FA Insight Study of Advisory Firms: People & Pay.*

Emerging Advisor **PERSONA HIGHLIGHTS**

**1 Advisor
1 Admin**

\$281K
Annual revenue

**Efficiency
is key**

\$34M

Assets under management

**Fast-paced
growth**

65
Clients

Source: *The 2019 FA Insight Study of Advisory Firms: People & Pay.*

People—Your Greatest Investment

\$.77

of every expense dollar
is people related

48%

allocated to cash
compensation for
revenue roles

Source: *The 2019 FA Insight Study of Advisory Firms: People & Pay.*

PEOPLE—Your Greatest Investment

1.3

Non-professionals
support revenue
roles

1 in 4

Lead advisors account
for 1 in 4 FTEs

\$200K

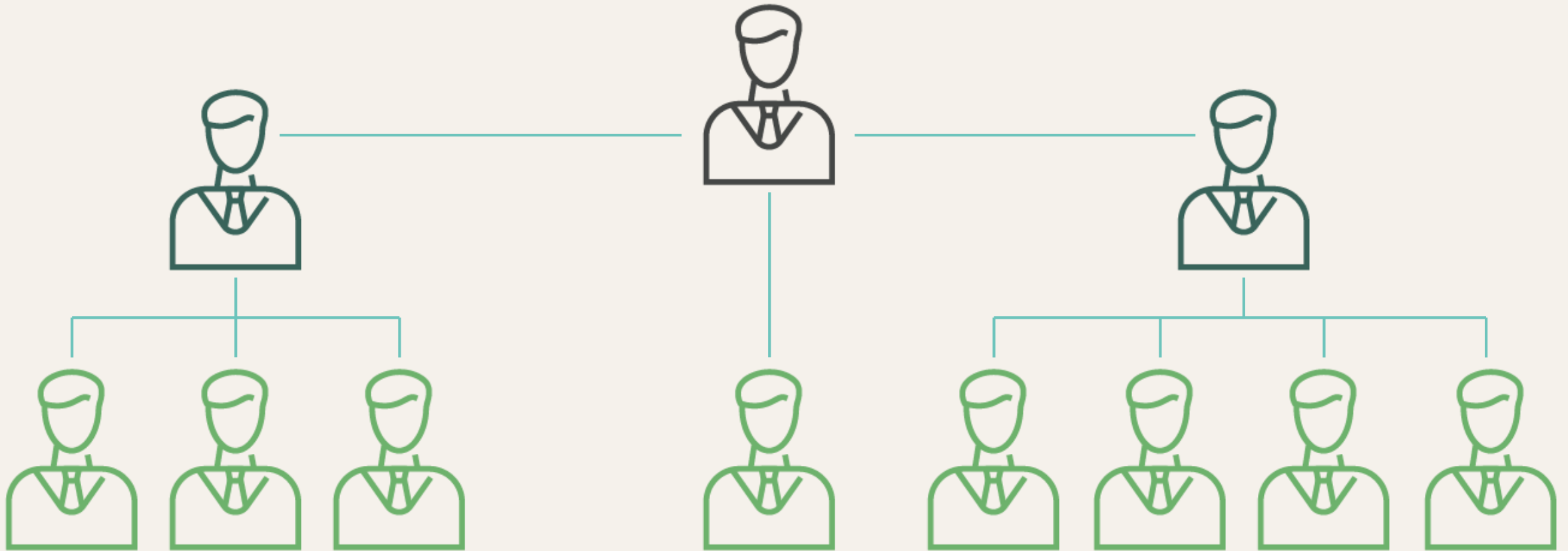
In revenue growth
= 1 additional FTE

Source: *The 2019 FA Insight Study of Advisory Firms: People & Pay.*



Determining Your Next Best Hire

What Does Your **FUTURE TEAM** Look Like?



Source: *The 2017 FA Insight Study of Advisory Firms: People & Pay.*

Roles to **CONSIDER**

1

Administrative Assistant

2

Associate Advisor

3

Office Manager

4

Client Service Associate

Source: *The 2017 FA Insight Study of Advisory Firms: People & Pay.*

Before You Determine the **WHO**, Define the **WHAT**

You need to define:

- All key role accountabilities
- Desired levels of experience
- Skills, competencies and expectations for the new role

You need to develop a detailed position description



Source: *The 2017 FA Insight Study of Advisory Firms: People & Pay.*

EXAMPLE: Junior Advisor Accountabilities

Key Accountabilities

- Accountable for client retention, day-to-day client management and advice delivery to clients
- Primary manager of less complex client relationships, which are typically transitioned from the Lead Advisor
- Lead review meetings for low- and medium-complexity clients
- Identify new advice needs of existing clients

Source: The 2017 FA Insight Study of Advisory Firms: People & Pay.

A woman with blonde hair and glasses is shown in a close-up, resting her chin on her hand. She has a thoughtful expression. The background is blurred, showing warm indoor lighting.

**“I know I need to hire
someone, but when I think of
bringing someone on, all I can
see is an expense I’m not sure
I can afford.”**

Typical Compensation: **ASSOCIATE ADVISOR**

	Lower Quartile	Median	Upper Quartile
Associate Advisor			
Base Salary	\$60,000	\$78,200	\$100,000
Variable Compensation	\$5,000	\$10,873	\$20,000
Total Compensation	\$65,600	\$90,720	\$114,240

Source: *The 2017 FA Insight Study of Advisory Firms: People and Pay*.

EXAMPLE: Incentive Compensation Drivers

Client retention

- 100% client retention levels
- X% revenue from clients managed

New client referrals

- X% of revenue generated from client referrals

Levels of capacity for Lead Advisor

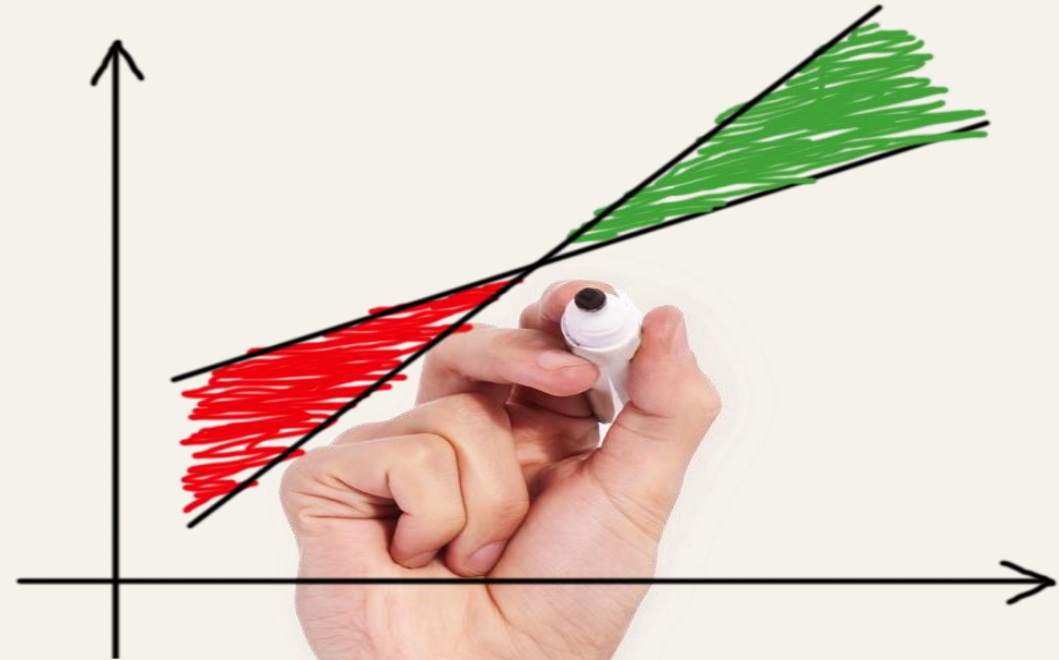
- Qualitative assessment



Adding Positions and Maintaining **PROFITABILITY**

Understanding Affordability

- Estimate the total cost of the new position
- Project additional revenue needed to break even
- Plan for what the firm must do differently to recoup its investment in the new position





Sourcing the Right Talent



**But first, you have some
headwinds to overcome ...**



The Perception



The Intimidation Factor



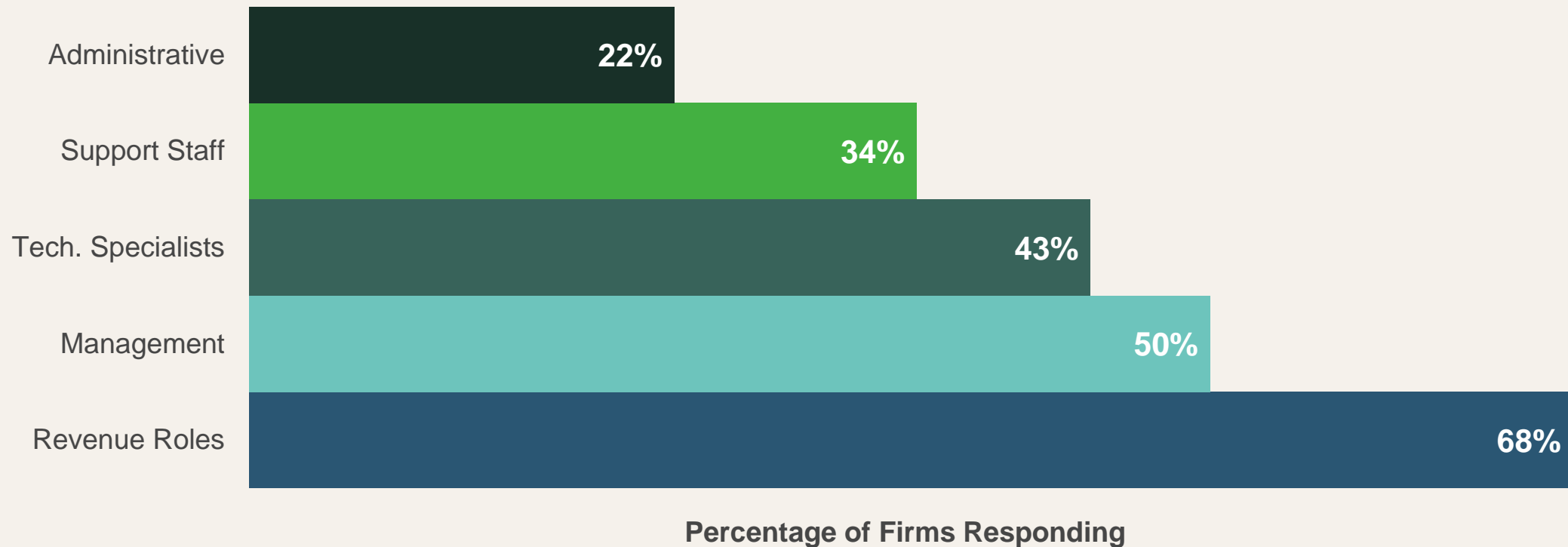
College Campus Fixtures



The Internship Experience

CHALLENGES in Sourcing Talent

Firms Reporting Greater Hiring Difficulty by Role Type



Source: *The 2017 FA Insight Study of Advisory Firms: People and Pay.*

- 
- **Career Opportunity**
 - **Professional Development**
 - **Fun Work Environment**
 - **Sense of Community**
 - **Compensation**
 - **Satisfying & Challenging Work**

The **INTERVIEW**

What **questions** should you ask?

How do I check for **cultural fit**?

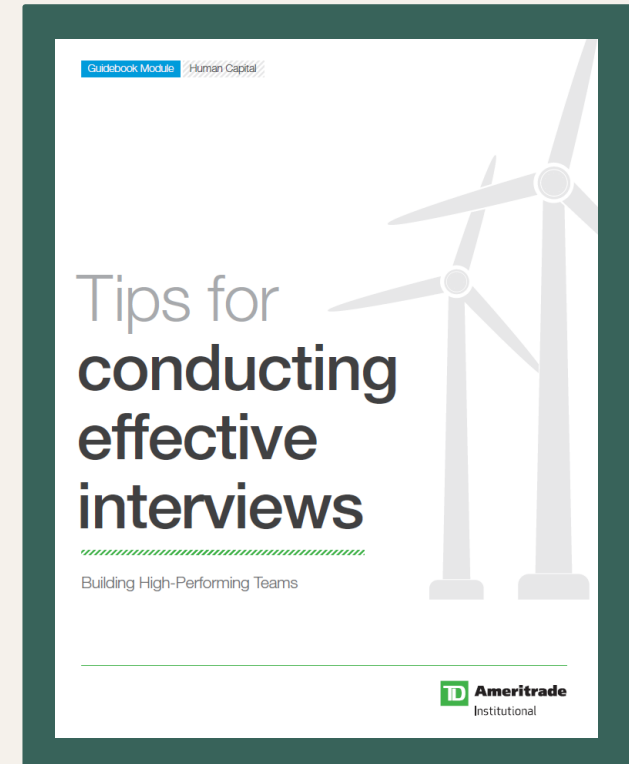
Is it OK to ask for **references**?

BEHAVIORAL Questioning

“How are your **time management skills**?”

VS.

“Tell me about a **specific time** when you were **feeling overwhelmed** at work. How did you **prioritize**?”



Assessing for **CULTURAL FIT**

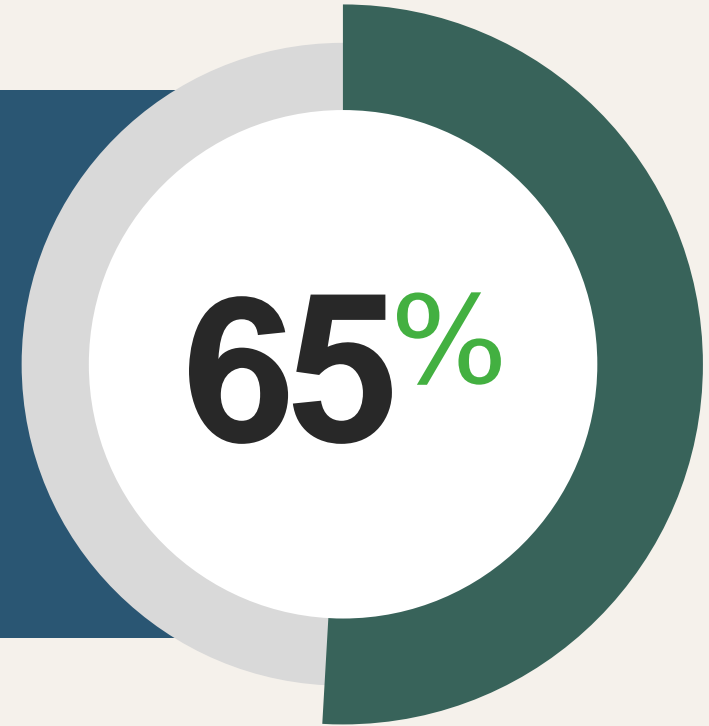
- **Values and Beliefs**
- **Team Dynamics**
- **Strengths and Challenges**
- **Career Goals**
- **Passions & Interests**





Driving Employee Engagement

Companies with high levels of engagement show 65% lower turnover (in low turnover firms)



SURPRISE Resignation

“

**I WAS COMPLETELY
caught unaware BY HER
RESIGNATION,** it was sad to lose
a top performing individual. ”

SURPRISE Resignation

**Promote ongoing
communication**

**Know what's
important to
your people**

**Establish a
connection**



KEY EMPLOYEE Wooed by Competitor

“They offered
them the next job
ON THE CAREER LADDER,
and we couldn't compete.”

KEY EMPLOYEE Wooed by Competitor

**Understand
career aspirations**

Define career paths

**Understand and
defend against
the competition**



EMPLOYEE Burnout

“ MY CLIENT SERVICE
MANAGER IS **at risk of
burning out**, BUT I DON'T
SEE HOW WE CAN ALLEVIATE
SOME OF THE WORKLOAD,
we're all over capacity. ”

EMPLOYEE Burnout

**Understand
individual capacity**

Help prioritize work

Create efficiencies



Total **REWARDS** =

QUANTIFIABLE
COMPENSATION

+

BENEFITS

Performance
based incentives



LIFE INSURANCE

Parking
reimbursement

BASE SALARY



HEALTH INSURANCE



RETIREMENT SAVINGS

Wellness subsidy

Equity grants

Education stipend



CHILDCARE

Traditional **BENEFITS**

Profit Sharing Plan

Paid Time Off

Medical Insurance

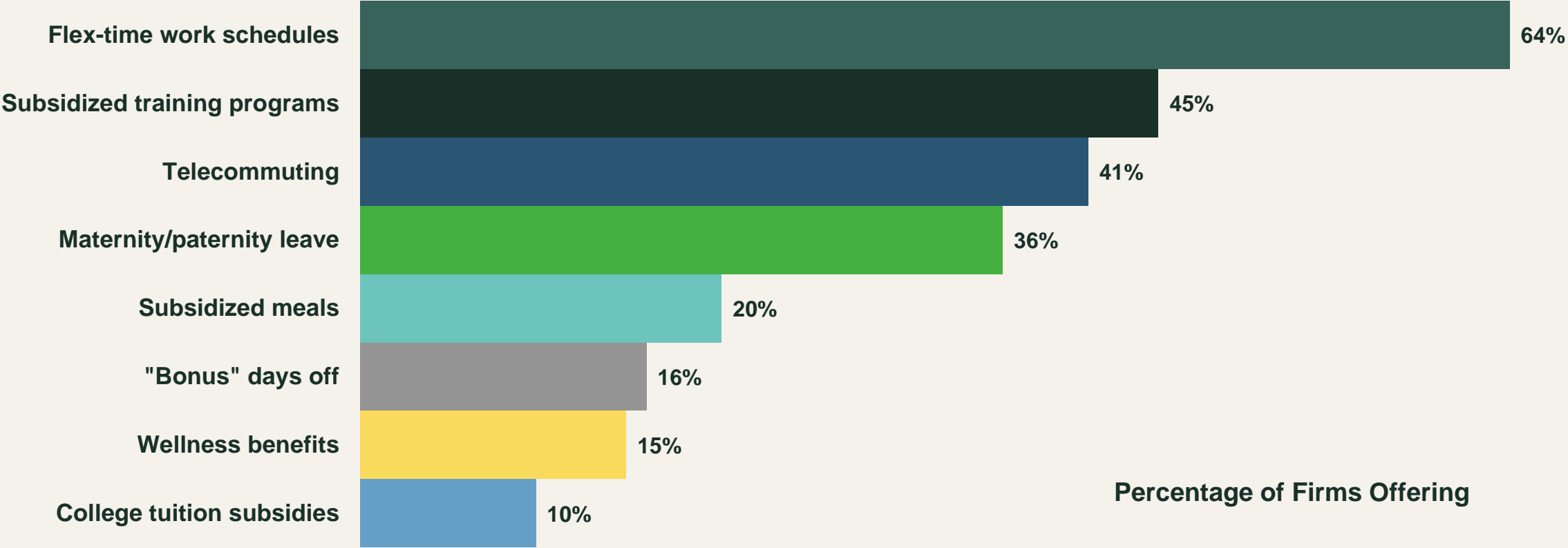
Qualified Retirement
Plan (e.g., 401k)

Dental Insurance

Life Insurance

Retirement Plan “Company Match” Contribution

Non-Traditional BENEFITS

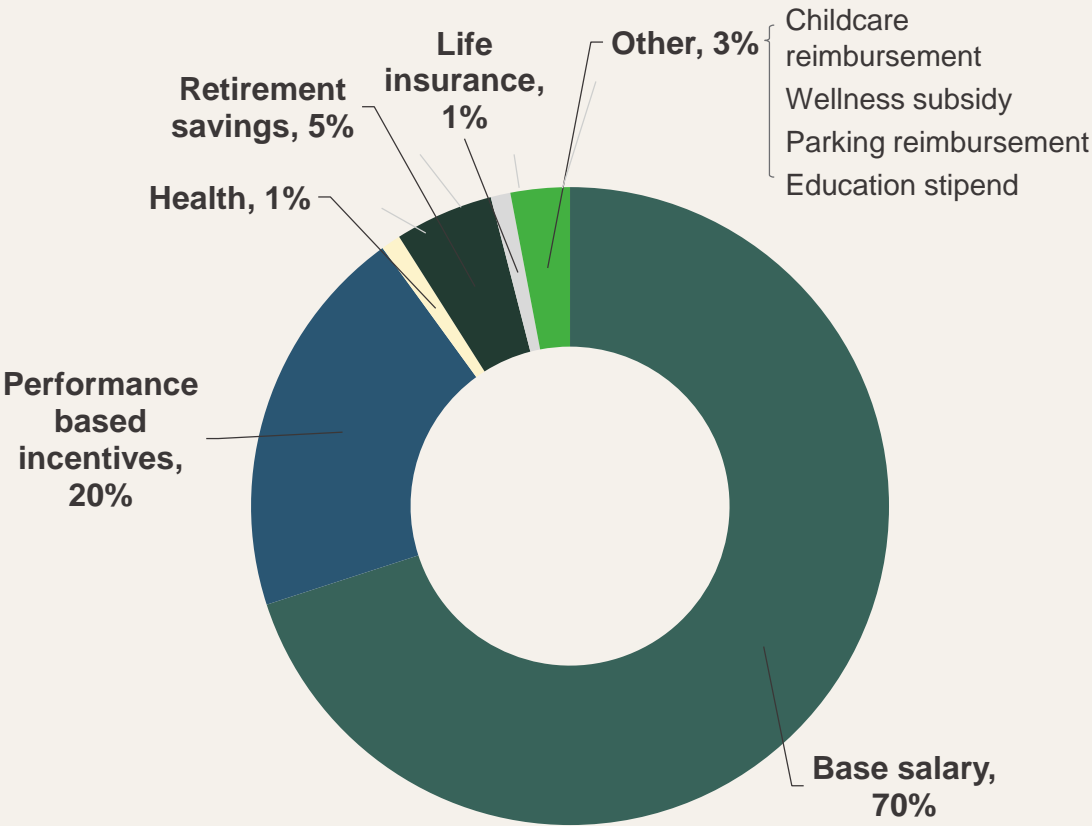


TOTAL REWARDS Concept

Sample Statement

Total value: \$XXX,XXX

TOTAL REWARDS SUMMARY			
Item	Firm pays	Your contribution	Unrealized earnings
Base and cash incentives	\$	--	--
Equity shares	\$	--	\$
Retirement savings	\$	\$	\$
Health	\$	\$	--
Life and disability	\$	\$	--
Other benefits	\$	\$	--
Total rewards summary total	Total	Total	Total



“PERKS”

- Can go a long way to fulfilling some of the criteria employees are looking for that add value to their lives and make your firm a better place to work
- Not necessarily quantifiable, may not be able to put a dollar amount to it

Team volunteer opportunities

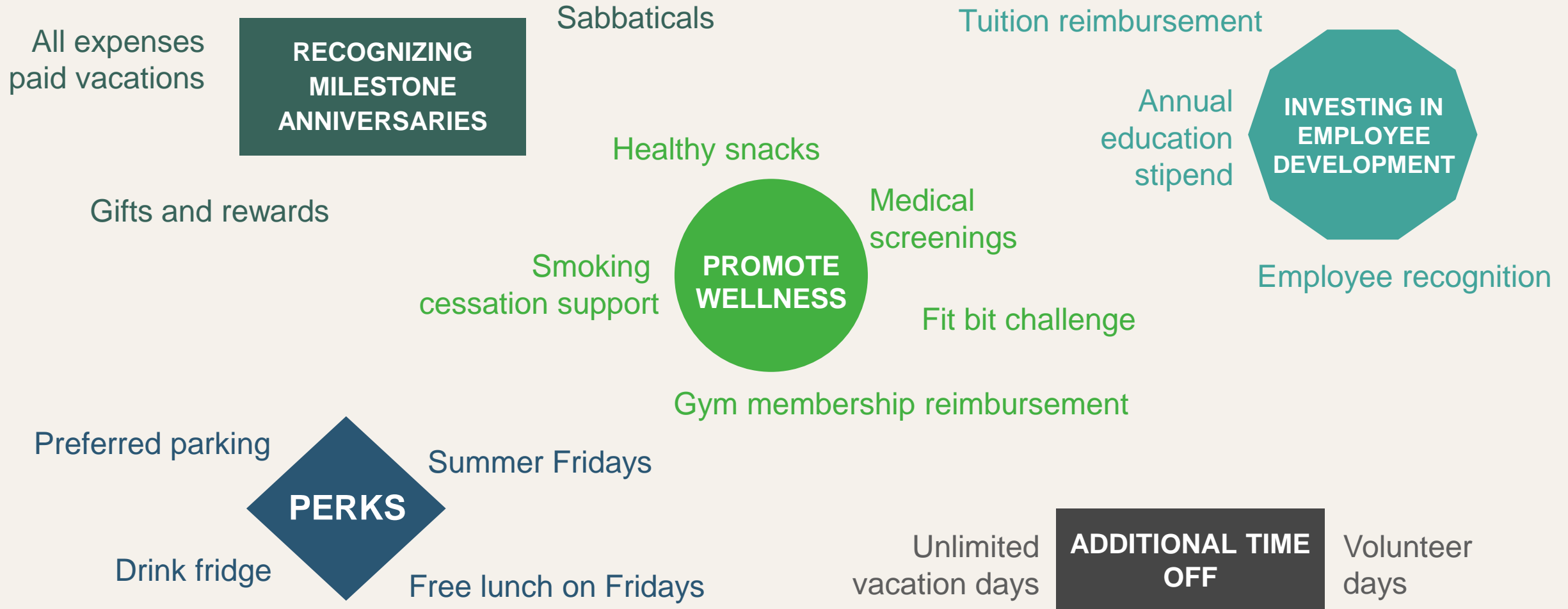
FLEXIBLE DRESS

Subsidized meals

Work anytime, anywhere

Ping pong tables

Interesting Ideas for PERKS



BUILDING a Development Plan

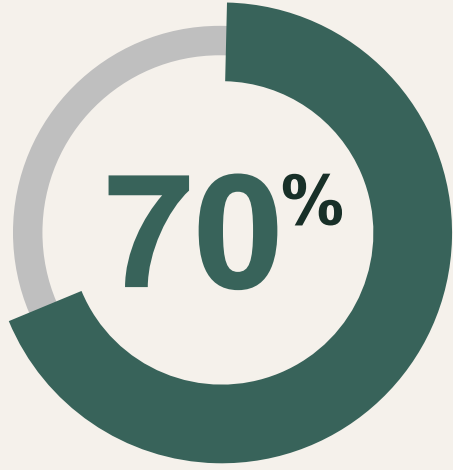
Employee name: _____

Initial meeting date: ____/____/____ Follow-up meetings: ____/____/____ ____/____/____ ____/____/____ ____/____/____

Strengths to leverage	Career aspirations
1.	Short term
.....	
2.	
.....	
3.	Long term
.....	
4.	
.....	

Capabilities to be enhanced or acquired	How will you develop these new skills or knowledge?	How will the coach, principal, firm support development?	Next steps
	On the job (e.g., stretch assignments)	Learning from others (e.g., mentoring)	Training (e.g., CFP® certification)
1.			
.....			
2.			

DEVELOPMENT Planning



70% on the Job

- Stretch assignments
- Project leader
- Field experience



20% from Others

- Mentoring
- Coaching
- Job shadowing
- TD Ameritrade Institutional LINC
- Read industry publications
- Lunch-and-learns
- Serve on board



10% Formal Training

- The Education Center
- University program degrees
- Industry designation programs
- Continuing education credits
- Workshops

Three Areas to EXCEL

Clear Expectations and Vision

Timely and Specific Feedback

Open and Consistent Communication (Patience!)

COMMUNICATION Guidelines

- **Timely**
- **Interactive**
- **Nonjudgmental**
- **Specific**
- **Corrective or Complementary**



SEEK to Understand

- Ask about obstacles
- Ensure that natural style and role requirements are congruent
- Provide support: Training, outside coaching, role-play, practicing



Catch them in the **ACT**

- Don't wait until the formal performance review
- Have them self-assess
- Provide your view
- Identify next steps
- Check-in



A woman with curly hair and glasses, wearing a white shirt, is standing and gesturing with her hands while presenting to a group of people seated at desks in a modern office. The office has large windows and glass partitions.

A fresh perspective

**Community
Oriented**

**Collaborative
approach**

Tech Gurus

Want to change the world

Invite THEM TO BE **part of**
something, part of **CREATING** your
firm's future.



