Advisory Firms in 2030: Growth by Specialization

Innovative strategies advisors are using to succeed in a changing client market

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Independent Advisor Solutions by SEI

In association with FPA FINANCIAL PLANNING ASSOCIATION

In 10 short years, your clients and what they expect from you will be dramatically different.

Whether or not you remain their advisor in 2030 can depend entirely on what you're doing now to better align your services with what they truly value: more choice, more personalization, greater participation and transparency and, most of all, a trusted relationship with you. The problem is that most financial planners:

- Aren't thinking about how consumers have changed or how to adapt their services to meet clients' changing preferences
- Haven't truly differentiated their businesses in any meaningful way
- Rely mostly on referrals to grow rather than add new services or tap new markets

These are among the findings that informed our recent paper, "Advisory Firms in 2030: The Innovation Imperative," which was presented at the Financial Planning Association's 2019 Annual Conference.

Advisory Firms in 2030:
The Innovation Imperative

Released in 2019, the first paper in our Innovation series reported the results of extensive primary research, including one-on-one interviews with eight financial planning firms to learn what they think the next 10 years will hold. Additionally, in an online survey, we asked 436 financial planners about their goals, growth strategies, technology and other thoughts about the future. And we surveyed 686 non-self-directed investors to learn specifically about what digital tools they use with their planners. Through this research, we learned that many financial planners are too caught up with today to plan for the years ahead. Many don't have strategies to attract millennial clients, nor are they thinking about clients' changing habits.

To read the full results of our research, the conclusions we reached and the steps you can take now to prepare for the needs of clients as we head toward 2030, visit seic.com/knowledge-center/advisory-firms-2030-innovation-imperative

In this second paper in our Innovation series, we focus on the future of lifestyle practices, which we defined in a 2017 thought leadership paper, "The Purposeful Advisory Firm," as firms that are typically owned and managed by the founder and often bear that individual's name. Lifestyle firm owners tend to enjoy the sales and client relationship aspect of the business and typically employ fewer than 10 people. While they may enjoy a healthy current income, their future value may be reduced when compared with enterprise businesses.

Today, a nuanced dimension of the lifestyle firm is taking shape as the next generation of planners and advisors seek to balance a successful business with a full personal life. Whether you choose to use our original definition or the more nuanced version, we believe that to thrive through the next decade, lifestyle firms must find a way to differentiate themselves and create personalized and fulfilling experiences for their clients to compete in what will be a very competitive advisory business.

Contents

This is what business growth innovation looks like

We turned to five innovative financial planners who are striving to develop creative strategies for specialization and sustainable business growth for the next 10 years and beyond. Throughout this paper, they share insights and examples that other planners can use as models to strengthen their own firms to meet the evolving needs of clients.

Mike Alves CFP®, CLU®, CRPC®

Managing Director, Founder, Vida Private Wealth (vidapw.com)

"I drastically reduced my clientele to 15 high-net-worth families in order to focus on financial life planning."

A traditional financial planner took a dramatic turn to focus his practice on the complex emotional and behavioral challenges of money. The intimate high-service model is built around **financial life planning, exclusively for high-net-worth families.**

Sophia Bera, CFP®

CEO and Founder, Gen Y Planning (genyplanning.com)

"It's not about competing with digital providers, it's working with them. I think the combination of a CFP professional and a digital provider is the best model for the next generation of clients."

This virtual, fully-remote, all-female financial planning team was formed in 2013 and serves about **100 Gen Y clients** nationwide. Sophia works about 30 hours per week and is supported by four part-time staff located across the country.

William Harris, CFP®, RMA

Co-Founder, WH Cornerstone (whcornerstone.com)

"We've had people come in that don't even balance their checkbook. These are very capable, wealthy women who just never had to deal with it."

While working in the institutional money management business, Bill was pursuing an MBA. A case study in graduate school on **widow planning** led this entrepreneur and his wife, Paula, to build a practice around this very special market segment.

Hannah Moore, CFP®

Owner, Guiding Wealth Management (guidingwealth.com and hannahjoymoore.com)

"I won't take on clients without doing a full financial plan first. I learned the value of planning the year I started when the market hit its low in March 2009."

After working for an established firm, Hannah launched a private practice in 2013. This Texas-based entrepreneur manages two separate and unique brands: Guiding Wealth Management is focused on traditional financial planning and asset management; and Live Wealthy Now is focused **exclusively on financial education and lead generation.**

Daniel Zajac, CFP®, AIF®, CLU®

Partner, Simone Zajac Wealth Management Group (simonezajac.com and danielzajac.com)

"Ninety percent or more of my business originates from clients with equity compensation packages that represent a material part of their net worth and their assets."

Rooted in accounting services, this second-generation planner has carved out a lucrative practice using a blog-driven approach to focus on the unique challenges of **equity compensation and employee stock options.**

The changing scope of financial planning

Supported by the longest-running bull market on record, 2010 to 2020 was an exceptional decade for U.S. financial planners and advisors. Despite the reports of expected industrywide fee compression, revenues for the average firm grew at a rate of 12.2% during that period.[1] In its 2019 report, PriceMetrix found that some grew at a year-over-year rate of 26% (2017 to 2018).[2]

Reaching for growth

We expect that growth over the next decade will be far more difficult to achieve. The longest U.S. economic expansion in history will likely come to an end, and sluggish global growth will slow asset appreciation. In addition, growth from client referrals is waning at the same time aging baby boomers shift from saving to spending down their assets.[3]

A shifting landscape

By 2030, Cerulli Associates predicts that the wealth management business will be comprised of three segments: mega teams ($500 million-plus in AUM), lifestyle practices and digital providers.[4] Just 10 years ago, the first robo-advisor came on the scene. Since then, digital providers, which we define as internet-based platforms that offer digital advice, have proliferated. They are expected to grow to $700 billion in assets by year-end 2024.[5] At the other end of the spectrum are the mega teams. Research shows they make up slightly more than 10% of all practices but control nearly two-thirds of advisor-managed assets.[6] They employ multiple planners/advisors, are more likely to have robust marketing programs, and generally have achieved a level of scale that permits them to serve a broad and diverse client base.

GROWTH VS. STATUS QUO	LARGE* AND GROWING†	LARGE AND STAGNANT^
Advisors	32%	68%
Revenue	$3.0M	$2.7M
Revenue Growth Rate	14%	8%
Fee Revenue Percentage	66%	62%
Overall Fee Rate	0.84%	0.82%
Average HH Assets	$2.4M	$1.7M

Both pricing and demographics can impact business growth. Research shows that when advisors achieve a certain size, many choose to stop growing. Those that are cultivating relationships with younger clients are growing faster, as are advisers who view digital competitors as an opportunity to emphasize their value.

*Greater than $2 million in annual gross production

†Year-over-year growth in assets

^Year-over-year decline in assets

Source: 2019 PriceMetrix, The State of Retail Wealth Management

The case for planning

It’s hard to keep grounded without a plan. Academic research shows that companies that plan grow faster than those that don’t.[7] Among the observations in this study of 11,046 companies, research found that planning was even more beneficial for established companies than for startups. Another study found that more than two-thirds (71%) of companies that create budgets, set sales goals and document their marketing and sales strategies grow faster than those without such plans.[8]

Without a plan, you could be at risk

Research in our original Innovation paper found that financial planners aren’t thinking much about how things will change in the future. Our survey showed that close to half (42%) keep meaning to make a plan but haven’t gotten around to it. More than a quarter (26%) are in the process of putting one together or have hired someone to help, and a disconcerting number of financial planners (18%) don’t believe it is necessary. Without a plan, everything is urgent, particularly in an industry that is built on constantly fluctuating markets and client requests. We believe that firms that aren’t thinking about the future and that don’t engage in business planning may be at higher risk of losing what they thought were loyal clients. As our research further substantiated, the advice industry has shifted away from a planner-driven business to a consumer-centric model where clients choose how they will get advice.

Strategy before structure

Although time frames for business plans vary among the five planners we talked to, they all have at least one common thread: They reflect thoughtful planning and forward thinking about changing demographics, needs and specialization. “We typically try to look out five years,” **Daniel Zajac** says. “Where do we want to be in five years, and what is it going to take.”

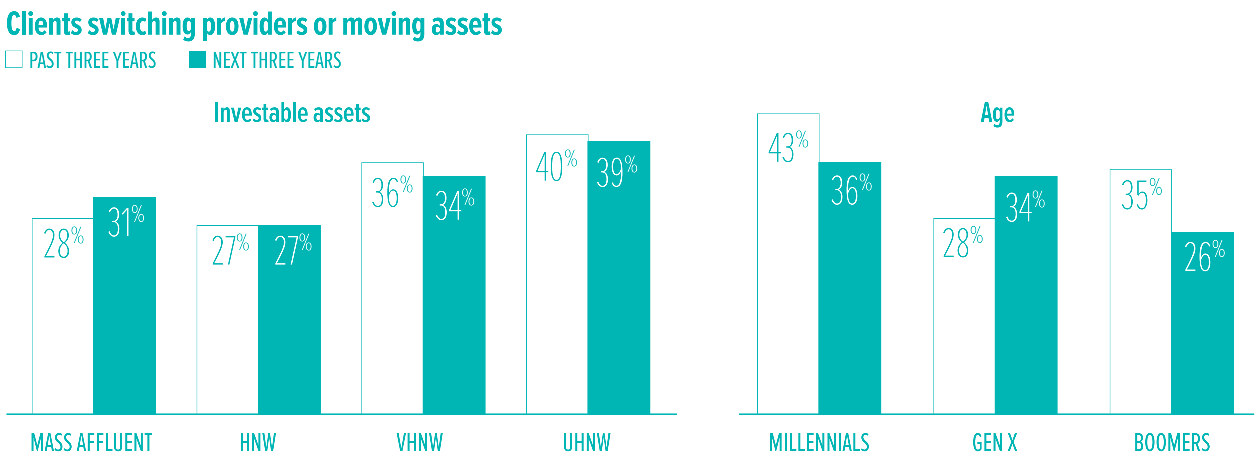
Most of the planners we talked to are engaged with mentors or coaches to further develop their plans. Some use external or client advisory boards to brainstorm new strategies; others have hired outside consultants to help with marketing or business operations.

Whether it’s the latest technology tool or an investment theory, it’s easy to fall prey to the “shiny penny” syndrome, foregoing the hard work of developing a strategic plan for your business and focusing on some new idea or innovation. It’s no different than discouraging a client from buying the latest investment until the full financial plan is complete. Financial planners need to adopt their planning discipline to their own businesses.

Mike Alves may be an extreme example, but he took the idea of a strategic plan to a whole new level. With nearly 14 years of experience and an established book of business, Mike referred out all but 15 clients and started a new firm. Vida Private Wealth is the result of more than a year’s worth of planning for Mike and his team. He built a new brand and launched a website to position the firm, which is dedicated exclusively to very high-net-worth families. He offers values-driven life planning and multifamily office services to his target market of families with $10 million-plus in net worth. He further narrowed the scope of his practice to focus on investing with a purpose.

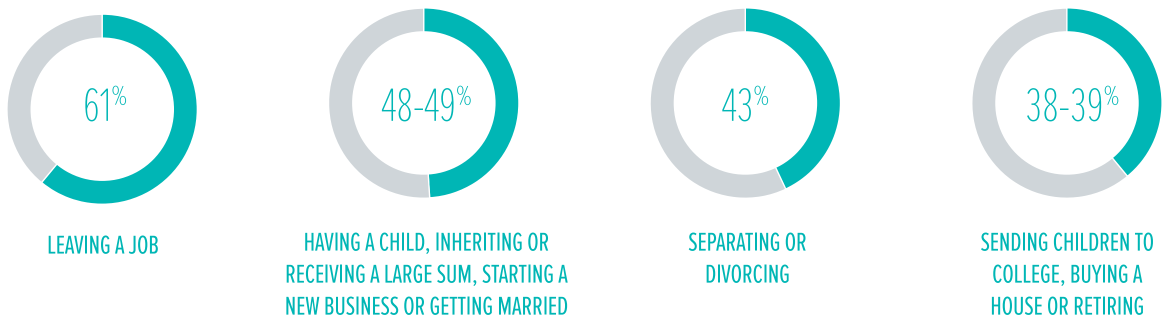
Growing organically and inorganically

One way to expand your business reach is to merge with or acquire another practice. Unfortunately, research shows that buyers currently outnumber sellers 58 to 1.[9] It may be a strategy worth pursuing now or later, provided you know exactly what you hope to achieve. The biggest challenge is finding the right fit. The most successful firms are highly selective. They seek out firms that complement what they're doing or market to the same niche. Or, in some cases, they may just buy a portion of a book—the clients that meet their targeted niche profile. But real innovation is trying new media and new ways of reaching untapped markets. Three of the five planners we talked to are attracting 90% or more of their new clients online and virtually, through the use of social media.



Source: Journal of INVESTMENT ADVISERY SOLUTIONS, Money Management Institute, Volume 3, Third Quarter 2019.

Percentage of clients switching providers after major life transitions, past three years



Source: Journal of INVESTMENT ADVISERY SOLUTIONS, Money Management Institute, Volume 3, Third Quarter 2019.

Capturing client defectors from other firms

Secondary research shows that one-third of clients across wealth levels and demographic profiles have switched providers or moved assets in the past three years; another third intend to do so in the next three years.[10] The research also showed that a higher percentage of clients (36%) with low investment knowledge were more likely to switch.

According to the findings, these shifts occur most often at critical life moments, such as marriage, death or divorce, when the complexity of a client's financial life evolves. Firms that can best create this value will be positioned to retain their current clients and acquire competitors' clients who are planning to move.

For planners and advisors who specialize, this is a double win. You know these life events are approaching and can prepare your firm and your clients for what they entail. It also allows you to market to people in your niche who are going through similar experiences.

Adding new services and deepening engagement

The five planners we talked to offer a broad range of services beyond investing to engage deeper with their clients. In some cases, they bring in specialists, such as insurance agents that deal specifically with certain life insurance policies. In other cases, they'll ask the client's trust attorney to join a meeting to proactively update family documents. Like others, Daniel Zajac looks at the whole picture to understand his clients' financial life and often conducts complex and time-consuming analysis of stock options, which many advisors are unable to do. **Bill Harris and his wife, Paula,** combine education and client appreciation events by bringing in authors or guest speakers who have deep life experience in subjects that matter to their clients. All of the planners we talked to require a full financial plan with no shortcuts; the process often leads to deeper conversations about additional services their clients may need.

Humanize your communications

One way to deepen engagement is to introduce short video updates on your website. People—especially those who are working—are busy and don't have time to read an eight-page newsletter, which likely took you two days to write. **Why not change it up?** Your personal message can be brief, but it can also be more impactful. And these videos work for clients of all ages—not just the younger set. There are several organizations that specialize in such communications to help you make the transition from print to video. For inspiration, check out **Hannah Moore's blog** (hannahjoymoore.com/blog) that features both text and short videos.

Dig deeper, beyond investments

Sophia Bera pushes client conversations far beyond traditional investment-focused topics. She talks to her Gen Y clients about cash flow and meeting short-term financial obligations. But she also talks to them about advancing their careers, buying a home, etc. She takes a holistic approach and gets to know their personal situations, including navigating through student loan debt, understanding company benefits, exploring travel dreams and reward programs, even health issues such as fertility/IVF. “To me, financial planning is an art and a science but more of an art,” she says. “Too many planners don’t take the time to find out what is truly important to clients.” Budgeting and savings are critical subjects to engage clients in conversations about, yet research finds that just 28% of clients discuss saving to meet goals with their wealth manager.[11] A roundtable discussion hosted recently by *InvestmentNews* suggested that death and taxes are often sidestepped. All of the planners we talked to are actively engaged in talking about and planning for both.

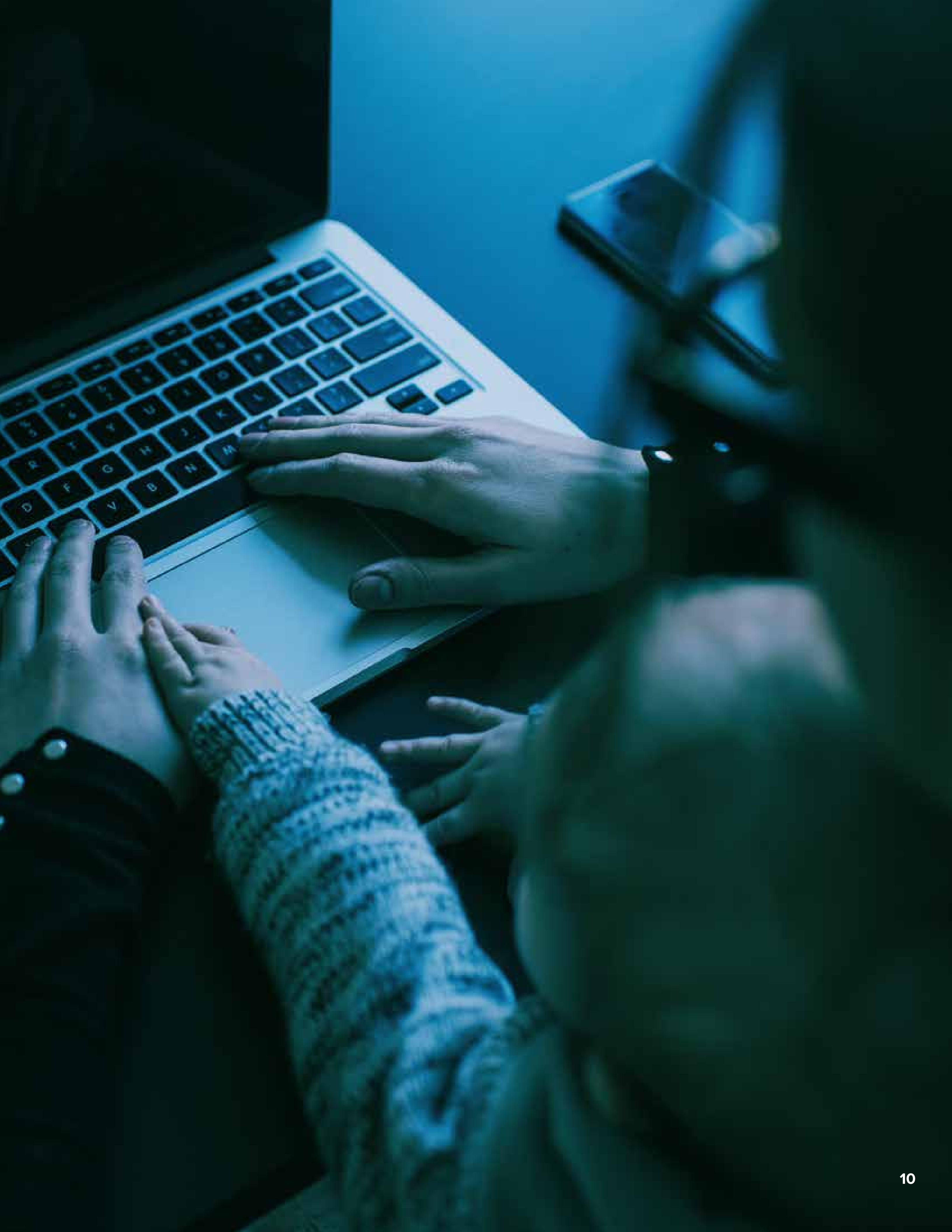
Meet virtually

Daniel’s clients appreciate his willingness to meet virtually. While he says you can’t replace an in-person meeting, in his experience, his clients know how to use their smartphones and computers to conduct business. “It’s inefficient (even for clients) to meet in person all the time, especially when a quick ‘zoom’ video call will do” he says. Gen Y Planning’s model is built exclusively on virtual meetings. Client meetings are all virtual, as are the firm’s staff meetings. With the right technology and discipline, meeting technology can be a significant game changer.

Increase strategic marketing spending

To grow your business, you’ll likely have to increase your marketing budget. According to research:[12]

- Across the industry, marketing and business development is a small line item in the budget of most firms.
- The average firm spends about 2% of total revenues on marketing; most of that is spent on client events. In contrast, other industries spend more than 11% of revenue on marketing efforts.
- Very few advisory firms have staff dedicated to the marketing function.



Develop a niche

Each of the five planners we talked to has carved out a unique client segment to serve. They know exactly what their ideal next client looks like and are experts at articulating their value proposition.

Build on what sets you apart

A strong background in tax and accounting services led Daniel's firm to form a foundation they have built upon. He works with executives of any age with considerable equity compensation packages. “There are investment managers who want to manage a client’s money, and there are accountants who prepare returns. There’s a huge gap in the middle where clients with complex equity-based compensation are not getting the kind of comprehensive advice they need. We fill that gap,” he says. “Today we deliver a unique service our clients’ value. Even though we’re based in Pennsylvania, our online presence has opened doors to client opportunities nationwide. They seek us out because they know we can help them with this special need.”

Bill and Paula are passionate about “empowering people to see their future as greater than their past, especially in times of transition.” They focus primarily on mid-life widows aged 55 to 65, and their work, they say, “is truly our higher purpose.” For a quick, but meaningful lesson about the benefits-not-features approach to presenting your brand, **visit Bill’s website** at www.whcornerstone.com.

As for Mike Alves of Vida Private Wealth, he has a very clear focus. Some firms will focus on high-net-worth clients while others will concentrate on financial life planning. Mike’s firm is unique in that they offer financial life planning exclusively to high-net-worth families.

Stay ahead of the next event

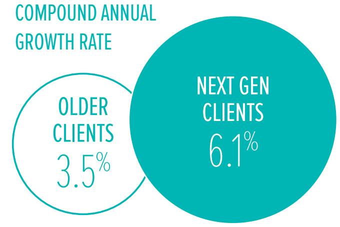
The accounting roots of Simone Zajac Wealth Management give Daniel and his clients a significant advantage. “We thoughtfully plan the timing to exercise options, estimate the tax consequences of various moves, recast retirement, and restructure the financial plan as needed. By getting in front of the decision-making as opposed to being behind it, we can make a material impact on our clients’ lives,” he says.

Capitalize on subject matter expertise

Bill is building a solid reputation in the region where he and his wife serve on multiple boards. But he’s taken his expertise a few steps further. In addition to writing a column for the local newspaper, *Old Colony Memorial* in Plymouth, MA, he has a book coming out soon for widows who inherit a spouse's IRA. "You would think that's (a) pretty simple, straightforward event," he says, "but it gets screwed up all the time." He is working on a second book relating to "defective trusts." Both books will be promoted on the firm's website, at client events and retreats and beyond. Similarly, Daniel promotes his e-book, "Your Guide to Employee Stock Options," on his personally branded site, where he posts his blog at www.danielzajac.com. He invites consumers (especially those who can relate to his equity compensation articles) to subscribe to his newsletter to get the latest updates from the blog. The firm's main site, simonezajac.com links to his blog. Hannah is also leveraging the education materials she is creating to engage with consumers. And Sophia relies on media interviews and speaking engagements to boost her online presence. Her website features a "Speaking & TV" tab that intentionally adds to her celebrity as a media-savvy planner.

2015-2018 Asset Growth

COMPOUND ANNUAL GROWTH RATE



Source: PriceMetrix

Reach for the next generation

Most financial planners are ignoring millennials. In our original research, we asked financial planners to rank their "ideal" client by selecting their top three among eight categories. Survey participants ranked small business owners first, followed by people in transition (e.g., death, divorce). Millennials (those born between 1981 and 1996) ranked near the bottom, with just 7.5% of participants selecting that demographic cohort.

Other research found that planners/advisors with younger books of business grow at a faster rate than those with older books, reinforcing the impact that younger clients can have on growth.[13] They found that clients born after 1965 (predominantly Generations X and Y) now represent 21% of wealth management clients, up from 16% in 2015. The average assets of these younger clients grew by 6.1% versus 3.5% for those born before 1965.

Sophia's practice steers marketing efforts toward Gen Y consumers—those born between 1980 and 1994. She says that many of the firm's clients are well-educated, first-generation immigrants with six-figure incomes. A millennial herself, she explains that her clients are simultaneously paying off college debt, saving for a down payment on a home, a honeymoon and retirement. "I don't think that what I do will be called financial planning 10 years from now," she says. "I take the position that the client is the expert in their own life. What I offer is a coaching program that helps people align their money to match their values so that they can live incredible lives. Investing is only a piece of our clients' financial lives, not their whole lives."

Mike, of Vida Private Wealth, proactively engages the children of his clients with books, games and conversations about spending, saving and sharing wealth. He plans to host retreats in 2020 for his clients' entire families to encourage parents and children to talk about wealth—inheriting it and the responsibilities and opportunities it affords.

Daniel's clients fit the next-gen profile, but they are not targeted because of their age. "Some of our clients are making the decision to retire, while others are 30-year-olds at tech startups with a lot of their wealth tied to a single company," he says.

Taking On Next-Gen Clients	BOTTOM 25% OF ADVISORS	TOP 25% OF ADVISORS
Percentage of Clients that are Next-Gen*	12%	37%
Median Advisor Revenue	$688k	$686K
2018 Year-Over-Year Revenue Growth	8%	12%

* Clients born after 1965

Source: PriceMetrix

What will drive future growth?

In our original survey, we asked participants to identify three key sources of future growth for their businesses over the next five to 10 years. More than three-quarters of participants ranked **client referrals** as the most important growth source. Nearly half of our respondents chose **centers of influence,** and **educational events** for clients and prospects came in third.

Will growth be harder or easier?

We also asked financial planners if they expected growth to be harder or easier to achieve in the future, and the responses were split nearly evenly.

- Among those who believe it will be easier to grow their businesses in the future, about half (48%) say they'll be better equipped; 21% say it will be easier because they'll be more experienced; and 27% say it will be easier because they're getting better at marketing activities.
- Those who feel it will be harder (40%) say the reason is that younger clients will be using hybrid advice platforms, and an additional 22% said that too much competition will exist in their market.

Our one-on-one interviews with financial planners revealed that while traditional sources of growth are important, their targeted marketing efforts to niches are what is driving growth. They also added a few more growth sources to our original list:

- Google—search engine optimization (SEO)
- A social media strategy
- Thought leadership content for target markets
- Active involvement on boards of local organizations

Capitalizing on technology to grow

Digital technology

Many advisors and planners strongly agree (40%) that a digital strategy is an important priority for their firm's growth.[14] We expect that the digital providers and the mega firms will create more noise with their competing views, but the highly specialized lifestyle firms can use digital technology effectively to target the right clients with the right message. Each of the five planners we talked to has implemented, to varying degrees, a range of digital technologies that enable them to, as Bill says, "do more without having to hire staff, or be more efficient in terms of communications."

Firms that leverage cloud-based architecture will spend $206 billion on cloud technology, see a 20% increase in growth and reduce operational costs by 17%, according to Oleg Tishkevich, founder of financial planning software firm FinanceLogix, which was acquired by Envestnet in 2015.[15]

Our five planners use a variety of technology-enabled tools to boost growth opportunities. They do not view robo-advisors as a source of competition. Instead, they believe their clients value the human touch combined with technology. "Fintech is starting to shift things for the financial planning profession," Sophia says. "It's allowing us to commoditize the investment advice component of the business. We need to do a much better job of listening to our clients and shift the conversation away from investments."

Technology building blocks

The most efficient planners are developing workflows and integrating many of these building blocks. Among the most frequently mentioned tools our planners cited are:

- A robust customer relationship management (CRM) solution
- A dynamic advisor dashboard
- Multifaceted financial planning software
- An outsourced, integrated solution that enables planners to combine planning and wealth management expertise with the power of an integrated/automated investment platform
- Document management systems—from Dropbox to DocuSign
- Email marketing services, such as HubSpot, Constant Contact or MailChimp
- A reliable web service provider
- A social media management platform, such as Hootsuite or Buffer

"Our generation needs to look to our peers for business development and strategic planning because so much has changed in financial planning in the last decade," Sophia says. "Frankly, not much is available on the market for our client segment. For example, we completed trials with four different planning software products in 2019. We ultimately chose one, but even it fails to adequately illustrate the unique income streams, income breaks and unique time horizons that affect our generation."

None of the firms listed are affiliated with SEI or its subsidiaries

Top 20 Best Social Media Management Software Tools of 2020

1. HubSpot Marketing
2. monday.com
3. Zoho Social
4. SEMrush
5. Facebook Pages Manager
6. Hootsuite
7. Agorapulse
8. Sprout Social
9. TweetDeck
10. SocialFlow
11. Sendible
12. Social Studio
13. Iconosquare
14. Buffer
15. MeetEdgar
16. Sprinklr
17. DrumUp
18. IFTTT
19. TailWind
20. eClincher

Source: https://financesonline.com/top-20-social-media-management-software-tools/

Getting digital

All five planners agree that social media is important. For some, like Sophia, it's essential. She says that most of the firm's growth is generated from SEO and Google searches. "We really don't need to focus on building the business as much now as we did in the past."

Hannah expects that future growth for her firm will be derived substantially from social media. "All the advice about growing your financial planning business focuses on traditional networking events and marketing," she says. "That formula just doesn't work for me. I'm a new mom. I'm not willing to give up that time because maintaining a work-life balance is really important now. Our reach is so much wider today because of what technology and social media enable us to do. I see us much more engaged on social media, in videos, in Instagram stories going forward." Daniel agrees. He says that as much as 75% of the new contacts he engaged with last year were the direct result of his social media efforts. And, he adds, "they have an average net worth in excess of seven figures."

Using new media in new ways

To reach busy, tech-savvy professionals

Every Thursday at 1 p.m. Daniel's clients and prospects receive a thoughtful email. It might be about the 83(b) election for non-qualified stock options, or dealing with restricted stock units in a post IPO lock-up period. The range of subjects is daunting, but the clear, focused messages—for 30-year-olds at tech startups or executives winding down their careers—remind clients that Daniel Zajac is the one to talk to. How do people find Daniel? "Through Google," he says. "That is how the business is growing. It's exponential." The more he writes, he explains, the more regularly he shows up on Google. The more people he's in front of increases the chances for others to find him as well. Google for Small Business offers free plans that explain which tools can help your business the most—and exactly how to use them. "I focus all of my writing on equity compensation-related topics," Daniel says. "I've been quoted in many sources and licensed my content to third parties. I am becoming a thought leader in the space."

To tell a story

Bill hired a professional to help hone the firm's message: rise up and prepare a path forward. The company's value proposition is clearly articulated and tailored specifically to the firm's target market in a simple and straightforward interactive brochure. The workbooks they share online under the heading "When life throws you a curve ball" speak directly to those in transition following the death of a spouse, divorce or even retirement.

To stay connected

Bill says most of his clients (90% or more) are comfortable using technology. So does Sophia, who was in Nicaragua and Mexico during the writing of this paper. “I meet virtually with all my clients,” she says. “We spend the first six months simplifying, streamlining and automating their finances. I meet with our clients three to four times per year. Ashley, my lead planner, is our cash flow expert and usually meets with clients two times a year to help with budgeting. We also provide unlimited email support.”

To invest in the future

Hannah has bifurcated her enterprise. She has two brands. One, Guiding Wealth Management, which recently rebranded, is built on a more traditional marketing approach targeted to pre-retirees and successful professionals. The messaging and imagery are tailored to specific personnas such as to her “retiring Ricardos” and “successful Sams/Sallies,” as she calls them. But her latest venture is a consumer-direct approach that focuses exclusively—presumably until they become clients—on education. Fueled by targeted paid advertising primarily on Facebook, her “Live Wealthy Now” mantra at www.Hannahjoymoore.com is about aligning money with values. She offers a range of free resources, including a monthly budget planner and a trademarked budgeting system.

Conclusion

Thinking about your business in 10 years should be a creative and exciting exercise.

Don’t be afraid to think big and invite your staff to participate. Talk to your clients and prospects about what they appreciate/admire most about other service providers and what they would like to get from you and your firm. As Bill Capuzzi, CEO of Apex Clearing, expressed in an editorial: “Ultimately, consumers will reshape our industry as they express their aspirations and expectations, and companies either respond or fade away. The future of advice is human-centered.”[16]

By focusing on a niche with unique characteristics and requirements, planners and advisors will be better able to anticipate future needs more proactively. Tomorrow’s winners can embrace planning to gain a deeper understanding of their target client and continue to innovate and move forward. They will invest in technology to enhance the client experience by freeing up time for staff to focus on delivering highly personalized client service. These advice professionals can create value and loyalty by thinking beyond investments and transforming unmet, unrealized needs into solutions.

Your next steps

If you expect–and genuinely want–your practice to survive the next 10 years, it's time to get serious about planning and moving toward a viable, sustainable business model. As the old adage, attributed to Beat Generation writer William Burroughs suggests, "If you're not growing, you're dying." Hoping for referrals is not a plan. Referrals alone won't cut it. If you're waiting for things to improve, or hoping for more certainty, you'll likely be disappointed. Here are five key actions you can take to align your firm for future growth:

1

Develop and implement your growth plan

There is concrete evidence that firms investing in marketing and business development have experienced positive results and a significant advantage in positioning advisors to help withstand future headwinds. According to *InvestmentNews'* "2019 Compensation and Staffing" study, these advisory firms have experienced greater revenue per client, wider profit margins and more assets under management (AUM) from new clients. For guidance on creating a marketing plan to help grow your business, read our blog post, "**5 Easy Steps for Marketing Success,"** at https://seic.com/knowledge-center/5-easy-steps-marketing-success-2020. Then carve out time to accomplish these important goals:

- Segment your clients by persona, not AUM, to anticipate their future needs.
- Research and define your niche, specialization and target market.
- Adopt a growth culture: Whether you find inspiration and direction within or outside your office, a growth culture starts with a mindset that advocates and nurtures an atmosphere of continuous improvement.
- Revisit your plan routinely: Adjust as necessary as you learn more about what you and your clients want.

2

Strengthen your niche

You can't be everything to everyone. Get serious about articulating your value proposition, profiling your ideal client and developing a multifaceted marketing program to attract new clients. Simon Sinek's TED Talk about the concept of answering the "why" is definitely worth your time to watch. Visit https://www.youtube.com/watch?v=IPYeCltXpxw

3

Expand your service menu and document the service model

Consider developing (internally or through partnerships) the kinds of services your target market may need now or in the future. For example:

- **If you market to pre-retirees and retired baby boomers:** Develop expertise in Medicare, long-term care, and estate planning.
- **If you want to reach Gen Y investors:** Think about developing a student loan/debt management program, bringing on a Gen Y advisor or partnering with specialized firms that offer the kinds of services this demographic is interested in, such as college loan repayment options, salary negotiations and travel rewards.

4

Capitalize on technology to grow

- Rather than simply looking to technology to create more efficiencies, think about how it can help change what you do.
- Objectively review your website and update, as necessary; ensure you have a reliable and proactive web service provider.
- Consider social media management and email marketing platforms that can be integrated with your CRM.
- Review your client journey experience; find ways to capitalize on technology—mobile, chatbot, portal, etc.—to enhance the customer's digital experience.

5

Cultivate your presence—digitally, socially and for the news/press

- Assess and retool your website to ensure best practices for search engine optimization.
- Consider hiring a content or social media manager to help build a social media presence—even if you only choose one channel, such as Facebook or Instagram, designate a team member or part-time resource to own the responsibility.
- Integrate your social media, blog (if applicable) and website platforms.
- Get involved with the media by providing commentary on personal finance topics relevant to your target audience.

We invite you learn more about the ways SEI and FPA can help elevate your financial planning practice.

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About John Anderson

John Anderson is Managing Director, Head of Practice Management, Independent Advisor Solutions by SEI. He has been with SEI for over 25 years and is responsible for all programs focused on helping financial advisors grow their businesses, create efficiencies in their operations and differentiate their practices. John is frequently quoted in publications, such as Investment News, Financial Planning magazine and The Wall Street Journal, and is a frequent speaker at advisor conferences and industry forums. He is also the lead author of SEI's practice management blog, Practically Speaking, found at seic.com/practicallyspeaking and has written or co-written 15+ industry whitepapers on topics such as advisory fees and the client experience. Alongside his practice management responsibilities, he also manages a team that provides investment research, case support, analysis and financial planning ideas to bolster the efforts of advisors using SEI solutions.

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