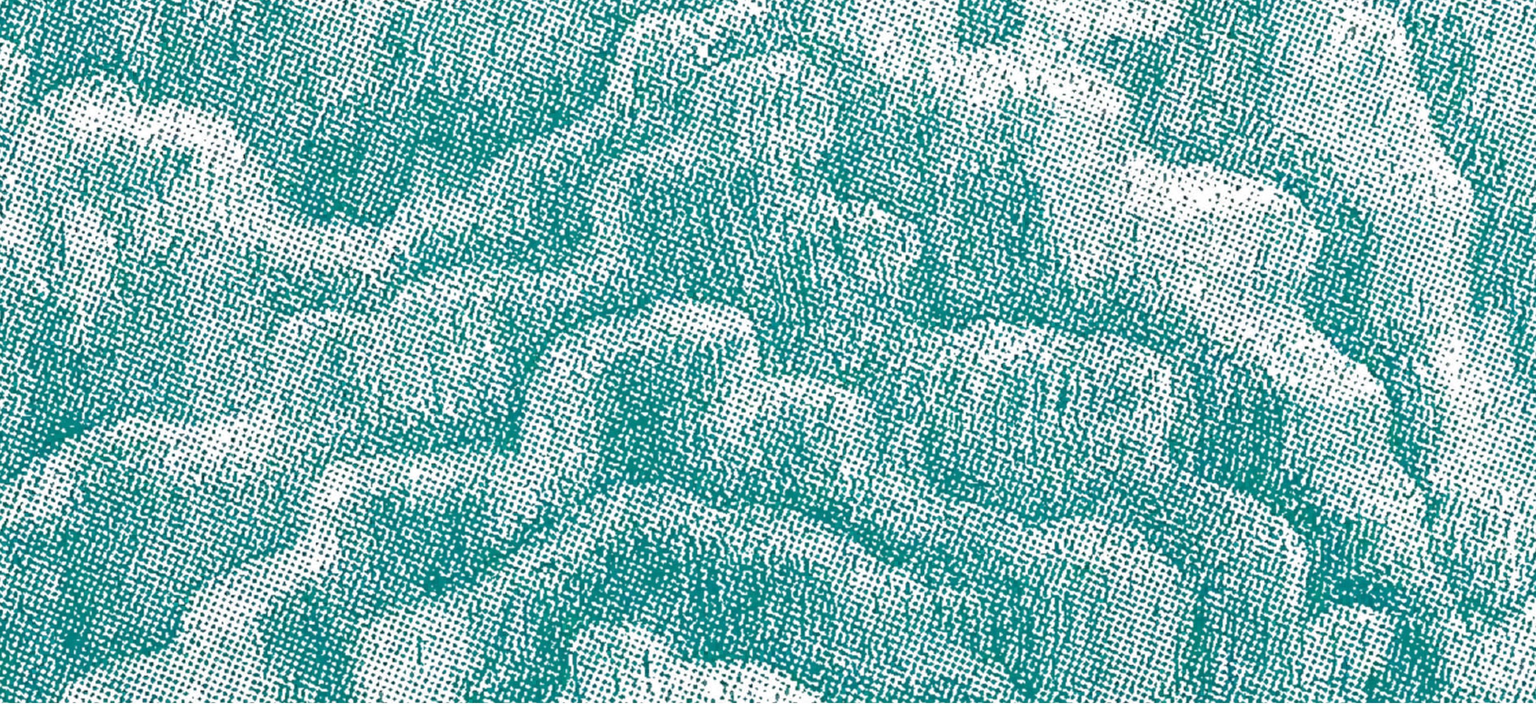
Proven Strategies for Financial Advisors
to Skyrocket Their Business

High Growth *Playbook*



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Introduction: A Letter from Aaron

In the ever-evolving world of wealth management, one word has become increasingly paramount to a firm's success: growth. As we continue to face new and exciting challenges — incredible technological shifts, generational wealth transfer, expanding regulatory regimes, and rapidly growing client expectations — the ability to grow your firm has never been more critical.

My journey as CEO of Nitrogen started with the founding of Riskalyze in 2011, a decade of building out our growth platform, and then our brand catching up to our product capabilities in 2023. During that time, I have seen firsthand the transformative power of embracing change, harnessing innovation, and focusing on a future-oriented growth mindset. It's from this vantage point, steeped in the reality of our industry's dynamism and my sincere belief in the power of financial advice that I introduce you to our "High Growth Playbook."

This book is not about overnight success or silver bullet solutions. It's about arming you with the strategies, tools, and insights to understand the industry's complex landscape, redefine your value proposition, build a high-performing team, and leverage technology to stay ahead of the curve. It's about a holistic approach to growth – one that balances the rigors of regulatory compliance with the imperative to innovate and transform. It's about understanding both offense and defense.

In the following chapters, you'll find comprehensive and actionable guidance, expert advice, data from top-performing firms, and real-world case studies. Whether you're a seasoned wealth management executive or just beginning your journey as a financial advisor, our **High Growth Playbook** is a resource created for you by the Nitrogen team for navigating the challenges and seizing the opportunities that lie ahead.

As we look to the future, it is my hope that this book will equip you to build a successful, sustainable, and high-growth business. Remember, the path to growth isn't always linear, and adaptation is a constant. Embrace the journey, keep learning, and keep pushing the boundaries of what's possible. We'll be with you every step of the way.

Welcome to your journey to high growth.

Sincerely,

Aaron

Aaron Klein
Co-Founder and CEO at Nitrogen

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High Growth Playbook

Proven Strategies for Financial Advisors to Skyrocket their Business

Chapter 1:
Understanding the Wealth Management Landscape

In wealth management, change is the only constant. The accelerating pace of technological innovation, the ever-evolving expectations of discerning clients, and the constant ebb and flow of global economies and regulatory landscapes present both a challenge and an opportunity.

Overall, wealth management is just one piece of a massive financial services industry – one that's estimated to hold over $100 trillion in assets under management (AUM).[1]

But even though it is just one piece of a larger whole, wealth management is critically important to the well-being and longevity for families across the country. And as clients' needs grow, the industry continues to evolve and provide more comprehensive and personalized financial solutions that blur the lines between investment management, financial advice, and even traditional banking.

With broker/dealers, custodians, TAMPs, RIAs, IARs, insurance agents, and all other manner of financial representatives, it can be tough to fully understand how you fit into the space as a fiduciary-first financial advisor. Plus, with so many ways to describe the role of a "financial advisor," it can be even harder to find effective ways to differentiate yourself from the competition you face both down the street and across the world-wide web.

The High Growth Playbook is designed to paint a full picture of how your advisory firm can embrace next-level strategies that pay off with hyper-growth. But before we get to identifying strategies, we first need to start with a high-level look at the wealth management industry as a whole, including fee structures, current trends, common challenges, and the future of financial advice. With this frame of reference, you'll see exactly where your firm fits into the overall landscape so you can know which growth path to pursue.

Common Fee Structures

Financial advisors are often grouped based on their fee structures and clients of choice. Whether your target clientele is mass affluent individuals ($100k to $1 million) or high net worth ($1 million+), there are several fee structure options available.

The majority of advisors charge for their services based on AUM per client. However, thanks to technology that makes it easier to scale services, it's becoming increasingly common to bill on a subscription basis or to charge a flat retainer fee. Another important nuance to fee structures is an understanding of fee-based vs. commission-based approaches.[2]

Fee-based advisors charge a flat retainer fee, which can be in addition to an hourly rate. Many advisors calculate that flat fee based on actively managed AUM and don't incorporate hourly fees at all, though the hourly approach is growing in popularity among younger, advice-only professionals.

On the other hand, commission-based advisors make money based on transactions they facilitate, such as selling mutual funds or insurance plans. Commission-based advisors may or may not be fiduciaries, in which case they are held to the standards of the "suitability rule," which requires them to recommend and sell products that they believe suits their clients' needs and interests — but it's not to the level of the "best interest" standard that a fiduciary advisor must adhere to.

Fiduciary Duty
Just as health professionals are held to HIPAA laws designed to protect their patients, many financial advisors are held to a fiduciary duty. Certified Financial Planners™ typically sport the "CFP®" designation after their title and have completed certification training that includes a strict fiduciary responsibility.

Fiduciary financial advisors must legally act in the best interest of their clients when giving advice or recommending products – even if that means losing out on money of their own.

It's important to note that not all financial advisors are fiduciaries since, technically, anyone who provides financial advice can refer to themselves as a "financial advisor" – regardless of their background or training.

Of course, it's not a one-size-fits all discussion; there are also hybrid advisory firms who offer both commission-based and fee-based engagements. The industry has long debated whether a commission-based structure can truly support maximizing positive outcomes for clients over firms.

There's no "right" way to grow or "better" fee structure, but understanding the lay of the land will help you to make the right decisions for your firm toward sustainable, long-term success.

Current Trends and Challenges

Financial advisors today stand at the intersection of burgeoning technological advancements, evolving client expectations, and ever-shifting regulatory landscapes. These converging forces present both unparalleled opportunities and formidable challenges. In this section, we will delve into the current trends redefining the industry and explore the inherent challenges that financial advisors must navigate to excel in this competitive arena. The insights that follow serve as both a compass and a challenge, guiding you to adapt, innovate, and thrive in today's multifaceted wealth management ecosystem.

Uncertain Economic Conditions

Since the Covid-19 pandemic's unexpected arrival in early 2020, the financial landscape has left many advisors and their clients wary about long-term outlooks.

A key principle here is to know your clients' risks, be aware of their concerns, and keep client communications open. A study from Financial Advisor magazine showed that "72 percent of advisors said their client fired a previous advisor for failing to communicate in a timely way."[3]

Fortunately, advisors have a long history of market turbulence to reference when speaking with clients. For example, if a client were concerned about their portfolio losing value during a bear market (such as the bear market that became official in the summer of 2022), their advisor can lean on data that shows bear markets last an average of nine months and make full recoveries in just three to four years.[4]

We all know the phrase: "Past performance does not guarantee future results" – and that's true. But it can lend important context for your clients during uncertain times.

Artificial Intelligence

The question that seems to be on everyone's mind is: What does AI mean for the future of financial advice?

The short answer is that artificial intelligence (AI) will not replace advisors.[5] Advisors offer more than just objective advice – they provide something akin to financial life coaching. The most successful financial planning stems from a deep, human understanding of clients' hopes, goals, and fears.

However, AI is finding its place in financial planners' tool-sets as we collectively learn how to use AI to augment existing skills and processes. Those resisting AI may find themselves quickly left behind by those who embrace it.

For example, AI is being built into more and more fintech applications, helping streamline everyday tasks like building portfolios, answering emails, discovering funds, and more.

While the future of artificial intelligence is still unclear, knowing how to leverage AI will be a crucial capability for high-growth firms.

Alternative Investments

There are a wide variety of investments outside of traditional stocks and bonds that may be considered an "alternative investment."[6] Some common examples include:

- Real estate
- Mutual funds
- Venture capital
- Fine art
- Private equity
- Cryptocurrency
- Precious metals

Alternative investments are usually less regulated by governing bodies like the Securities and Exchange Commission (SEC) than traditional investment vehicles.

As wealth management grows, consumers tend to follow trends from higher up. Since institutional investors want more alternative investment options, so do everyday consumers. The popularity of crypto and app-based investing only accelerated the demand and popular reception of nontraditional investments.

Values-based Investing

It's also becoming increasingly important to many clients to invest based on their personal values. That could look like investing in companies or products that support their religious beliefs, political alignments, "green" investing, or ESG.

"ESG" means environmental, social, and governance-based investing. Clients taking an ESG approach incorporate a company's core values and impact when choosing whether or not to invest.

Since 95% of millennials indicated an interest in ESG in a recent Cerulli Associates study, it's worth having values-based investing on your radar for traditional and alternative investment vehicles.[7] On the other hand, ESG has proven to be a lightning rod for controversy due to its often political nature and diluted results.

Cryptocurrency

As stated above, cryptocurrency is a form of alternative investment – one growing in popularity and still largely unregulated.

Bitcoin, a popular crypto option, first debuted in 2009 with a price of nearly one-tenth a cent per Bitcoin.[8] As of 2023, a single Bitcoin held steady at north of $20,000.[9]

While such leaps in value have consumers more and more intrigued by the potential of cryptocurrency, a recent BAKKT study shows that they are also seeking regulatory clarity.[10]

That same study showed that over half of respondents expect crypto to be "the next advancement in modern finance." Those who are skeptical of crypto could become more trusting if introduced through an already established source of trust (i.e., their advisor).

Still, many advisors are hesitant to recommend crypto or dive too deep into it due to its unregulated nature and rapid changes in value. With that in mind, it's important for financial advisors to stay updated on cryptocurrency regulations and trends.

Increasing Regulatory Burdens

In an attempt to keep pace with an evolving wealth management landscape, the SEC is constantly adding new rules (e.g., new outsourcing reporting and oversight guidelines).[11]

While well-intended and necessary, new rules and regulations require constant vigilance from firms who need to update internal documentation, create new processes and implement training for their staff.

The J.D. Powers 2023 Advisor Satisfaction Survey suggests that such obstacles are leaving many advisors time-starved and apathetic toward their careers.[12] Twenty-eight percent of respondents noted that they do not have enough time to spend with clients.[13] Advisors within that category spend an average of 41% more time on administrative and compliance tasks than their counterparts.[14]

Cybersecurity is another growing regulatory concern. The SEC proposed new requirements to address cybersecurity risks in the spring of 2023.[15] As more software tools become available and advisors' work is digitized, so do opportunities for compromised data.

Growth-minded firms must have a solution for compliance that enhances growth instead of hindering it. Compliance tech platforms are making rapid inroads in the industry, allowing busy advisors to automate and offload some of the responsibilities of archiving and regulation.

The Future of Wealth Management

From personalized portfolio solutions to growing digitization, several components of financial planning are shaping the future for advisors, firms, and clients.

Personalized Investing

Advancements in AI and other technologies like custom indexing are tilting investment recommendations toward an ever-more personalized state. Advisors have the option to deploy HNW solutions to investors with lower investable assets, given zero-fee trades and technology.

The Schwab Advisor Services 2022 Independent Advisor Outlook Survey showed that over half of RIAs "expect more personalization of investment portfolios" in the future, further cementing that ignoring personalization strategies would be a mistake.[16]

That same study showed that Millennial investors will likely lead the way in their personalization expectations. As wealth continues to transfer to younger generations, advisors must shift tactics to serve these changing demographics best.

Expanding Access

Personalized investing ties in with expanding access to financial advice. Put simply, more people are receiving wealth advice than ever, and it's not because there are more wealthy people than in the past. Instead, the rise of the tech-enabled RIA has opened up wealth management to the mass affluent and beyond.

For as many faults as they have, robo-advisors have expanded wealth management access – even if only for portfolio management. However, as advisory firms have sought new ways to win against those low-fee competitors, some have looked for ways to bring next-gen investors into the fold even as those investors may lack the traditional investment minimums a wealth management firm might have required in the past.

Today's technology also plays a part, as prospects don't need to physically visit your office to open an account or learn more about your practice. The majority of these processes are digitized. As the cost for an advisor to bring advice to clients decreases, their ability to deliver comprehensive advice to more people at broader price points increases.

Digitalization of Advice

Digitalization has been a trend across the industry for decades. From opening accounts digitally to meeting with clients digitally, many everyday tasks can be streamlined or even completed entirely by software systems.

Financial advice will continue to trend toward digitalization as more advisors build remote practices that don't require clients to be in person. These remote-first capabilities mean advisors and prospects aren't limited to just those within a certain geographical area but can connect regardless of location.

As digital marketing shifts alongside these changes, advisors can put their names and faces in front of anyone across the globe.

Chapter 1 Key Points

In this chapter, we explored the wealth management landscape for financial advisors, including trends, challenges and the future of financial planning.

- The financial services industry manages over $100 trillion in AUM. As it matures, the financial advice industry is evolving to provide more personalized wealth management solutions that prioritize financial planning and behavioral guidance.
- The most common fee structures are fee-based and commission-based approaches.
- Uncertain economic conditions have led to client concerns, emphasizing the importance of communication for advisors.
- Artificial Intelligence (AI) is augmenting financial planning tasks, but advisors remain essential.
- Alternative investments, values-based investing, and cryptocurrency are emerging trends.
- Increasing regulatory burdens, including cybersecurity concerns, are necessary to protect consumers today. However, they may also be impacting advisors' time to provide well-rounded advice, as well as overall career satisfaction.
- Personalized investing is becoming more prevalent with AI and custom indexing.
- Access to wealth management strategies is available to a broader range of people, beyond the ultra-wealthy. Digitalization of advice allows for remote practices, expanding advisors' reach and accessibility to clients globally.

Chapter 2:

Defining Your Unique Value Proposition

It's not enough to be a guardian of wealth; today's sophisticated clients demand advisors who act as architects of their financial futures. Your unique value proposition (UVP) is more than a catchy tagline or an inventory of services — it's the conceptual glue that binds your expertise, methodology, and client experiences into a compelling narrative.

Defining it requires a strategic amalgamation of market research, a deep understanding of client pain points, and a thorough audit of one's own skills and offerings. Anything less, and you risk becoming another indistinguishable player in an already crowded field. While this may seem broad, there are actionable steps you can take to quickly define your compelling UVP.

Understanding Your Firm's Strengths and Weaknesses

The first step on the path to success for any wealth management firm lies in a clear understanding of its strengths and weaknesses. This knowledge provides a foundation for strategic planning, allowing firms to capitalize on their advantages and address their shortcomings. Here's how to conduct an in-depth exploration of your firm's capabilities and limitations.

Self-Assessment

Begin with an honest self-assessment. Examine your firm's performance, service offerings, team competencies, operational efficiency, and client satisfaction. Use key performance indicators (KPIs) and feedback from your team and clients to understand where you excel and where you fall short.

If you're a new firm, this may seem like a tall task since many of these categories are limited. For newer firms, this self-assessment can involve taking inventory of your skills, network, and the benefits of your location. The key is to be objective and brutally honest; any inflated claims can and will erode the following steps.

Team Feedback

Encourage feedback from your team. As they work on the frontlines, interacting with clients and implementing strategies, they often have valuable insights into your firm's strengths and weaknesses. Your UVP is not a 'set it and forget it' element of your firm; it requires ongoing refinement. As market conditions change, client expectations evolve, and your own offerings mature, you'll need to revisit your UVP. Regular team meetings, anonymous feedback tools, or one-on-one discussions can facilitate this exchange.

Client Feedback

Your clients are a valuable source of feedback. Regularly solicit their opinion through surveys or during interactions. Ask about their satisfaction with your services, what they value about your firm, and areas they think could be improved. Use their perspective to validate internal assessments.

SWOT Analysis

The SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis is a powerful strategic tool for wealth management firms. It provides a structured method to evaluate the internal and external factors affecting your business.

Strengths

Strengths are internal factors that give your firm an advantage. In wealth management, these could include:

- **Expertise and qualifications:** The skills and qualifications of your team can be a major strength. Do you have Certified Financial Planners, Chartered Financial Analysts, or other industry-recognized experts on your team?
- **Unique services or strategies:** Do you offer services or employ investment strategies that set you apart from competitors? Perhaps you have a unique approach to risk management or an exceptional tax planning service.
- **Strong relationships with clients:** Wealth management is a relationship business. Strong, trusting relationships with clients can be a significant strength.

Weaknesses

Weaknesses are internal factors that put your firm at a disadvantage. For wealth management firms, weaknesses could include:

- **Lack of resources:** If your firm is small or newly established, you may lack the resources of larger competitors. Traditionally, geographic location could be considered a strength or weakness, but with many clients preferring a digital-first approach, you can quickly adjust your location and online presence to become a strength. This leads to our next point.
- **Technological deficiencies:** In the digital age, lagging behind in technology can be a significant disadvantage. This could relate to your client-facing technologies (like digital portals), your investment management technologies, or your internal systems for managing the business.
- **Poor brand recognition:** Especially for newer firms, lack of brand recognition can be a major obstacle in attracting clients. The term “brand obscurity” is often used to describe the state of having poor brand recognition or visibility in the marketplace. This condition implies that your brand is not easily identifiable or memorable among investors, lacking the kind of awareness or equity that propels firm growth.

Opportunities

Opportunities are external factors that your firm could leverage for growth. For wealth management firms, these might include:

- **New markets:** There could be underserved markets that your firm could target. For example, there might be an opportunity to serve a younger demographic or a niche profession. Is an employer opening a new facility in your town, and 300 well-paid professionals will soon be moving nearby? Opportunity is everywhere when it comes to engaging with new markets.
- **Technological advancements:** Technological

innovations continually create new opportunities. For instance, AI and data analytics can enhance your service offering and operational efficiency. Technology's value lies in its ability to help firms scale and is a key opportunity for firm growth.

- **Regulatory changes:** Sometimes, changes in laws and regulations create opportunities. For example, changes in tax laws might create a need for new tax planning strategies.

Threats

Threats are external factors that could harm your firm. For wealth management firms, threats could include:

- **Competitive pressures:** The wealth management industry is highly competitive. New entrants, competitive pricing, or innovative service offerings from competitors can threaten your firm.
- **Regulatory changes:** Just as regulatory changes can create opportunities, they can also present threats. New regulations can impose burdensome requirements or limit your ability to provide certain services.
- **Market volatility:** Market volatility can have a dual impact: it can affect the advisor's investments and create fluctuations in client assets, potentially leading to variable income from asset-based fees.

When conducting a SWOT analysis, remember it's essential to be honest and realistic. The aim is not to paint a rosy picture but to gain a clear understanding of your firm's position to strategize effectively for future growth.

Benchmarking

Benchmarking against industry standards and competitors provides a relative measure of your firm's performance. Identify key industry metrics — client acquisition cost, client retention rate, revenue per client, average advisory fee — and see where you stand. Likewise, analyze your top competitors to understand what they do well and where they struggle.

Ongoing Evaluation

Understanding your firm's strengths and weaknesses is not a one-time exercise but an ongoing process. The dynamic nature of the wealth management industry necessitates constant self-evaluation and adaptation. Implement a systematic approach to regularly assess your firm's performance and make necessary adjustments.

Understanding your firm's strengths and weaknesses involves self-assessment, team and client feedback, SWOT analysis, benchmarking, and ongoing evaluation. By clearly understanding where you excel and where you need improvement, you can build on your strengths, address your weaknesses, differentiate your firm, and better serve your clients, enhancing your firm's competitiveness and growth potential.

Identifying Your Target Audience

Understanding and identifying your target audience is pivotal in creating and delivering effective financial advice. Your target audience dictates the services you provide, how you communicate, and even the roles and order of hiring within your firm. Defining your target audience is not just a marketing exercise, but a strategic necessity.

Understand the Wealth Management Landscape

Begin by understanding the current positioning over your firm. You may note that we started with your Unique Value Proposition first, because this leads directly into your firm and how it is currently positioned within the wealth management landscape. Who are your primary clients? What are their financial needs and goals? What type of advice and services are they seeking? This could include retirement planning, tax planning, estate planning, investment management, and more. The more you understand where you're at now, the better you can identify where your firm fits in and whom you can best serve far into the future.

Leverage Segmentation

Segmentation is a crucial step in identifying your target audience. The wealth management market can be segmented in several ways: by wealth level (high net worth, ultra-high net worth), by occupation (professionals, entrepreneurs, executives), by generation (Baby Boomers, Gen X, Millennials), or by specific needs (retirement planning, philanthropy). Segmenting the market allows you to focus your efforts on specific groups instead of trying to appeal to everyone.

Analyze Your Current Clients

Your current clients can provide valuable insights into your target audience. Analyze your client base to identify common characteristics, financial goals, and service needs. What groups are you currently serving well? Where do you have expertise? This analysis can help you identify your core target audience.

The phrase "like attracts like" applies here where advisors tend to attract clients who share similar characteristics, attitudes, or financial philosophies with them. Advisors can leverage this by doubling down on what makes them unique and appealing to their current client base, thus making their marketing and prospecting efforts more efficient. Conversely, if an advisor is looking to diversify their client base, they may need to consciously break this natural affinity by adjusting their marketing or services to appeal to a broader or different audience.

Define Your Ideal Client

From the market segments and your current clients, define your ideal client. This is the client that you can provide the most value to, considering your firm's strengths and expertise. The ideal client would be highly satisfied with your service, likely to stay with your firm long-term, and refer others.

Research Your Competition

Understanding your competition is an important part of identifying your target audience. Who are your firm's competitors targeting? What value proposition are they offering? Are there underserved segments in the market that you could target? By analyzing your competition, you can identify opportunities and avoid targeting highly competitive segments.

Test and Refine

Identifying your target audience is not a one-time task; it requires ongoing refinement. As you target a specific audience, gather feedback, measure your success, and adjust as needed.

Develop Client Personas

Once you have identified your target audience, create client personas. These are detailed descriptions of hypothetical clients that represent your target audience. Client personas can help you understand your clients' needs, goals, and behaviors, which can guide your service offerings, communication, and client relationship strategies. Nitrogen has created a complimentary Client Persona Builder available at nitrogenwealth.com/resources.

In summary, identifying your target audience involves understanding the wealth management landscape, segmenting the market, analyzing your current clients, defining your ideal client, researching your competition, and testing and refining your target audience. It also involves creating client personas to better understand and serve your clients.

By accurately identifying your target audience, you can tailor your services, communication, and operations to meet their needs, thereby attracting and retaining clients, improving client satisfaction, and driving your firm's growth.

Crafting a Compelling Value Proposition

A compelling value proposition is a cornerstone of every successful wealth management firm. It succinctly articulates why clients should choose your services over competitors. Here's how to craft a value proposition that resonates with your target audience.

Understand Your Clients' Needs

Understanding your clients' needs is a fundamental step in creating a powerful value proposition. It ensures that the services and advice you provide are relevant, valuable, and tailored to your clients. Here's a more detailed look at how to understand your clients' needs in the context of wealth management.

Client Interviews

Regularly schedule time with your clients to discuss their financial goals, concerns, and expectations from your services. These conversations are invaluable, providing first-hand insights into your clients' needs. They help you understand not only what clients are looking for but also why those needs exist.

Surveys
Surveys can provide a broad understanding of your clients' needs. Regular client surveys can help identify trends, gaps in your service, and areas for improvement. Ensure that your surveys ask the right questions — those that probe into clients' financial goals, their satisfaction with your service, and what they feel might be missing.

Market Research
Look at the broader market trends within the wealth management industry. By understanding the needs of the broader market, you can better anticipate the needs of your clients. Market research can be conducted by reading industry reports, attending conferences, and keeping an eye on news and trends in the financial sector.

Monitoring Client Behavior
Pay attention to how clients interact with your services. Which services are most utilized? Which ones are ignored? Clients' behavior often reflects their underlying needs. For example, if you notice that many clients are regularly checking their portfolios online, it might indicate a need for more transparency or frequent communication about portfolio performance.

Client Feedback and Reviews
Encourage clients to provide feedback and reviews. This feedback can be a rich source of information about what your clients value in your services. Negative feedback, while difficult to hear, can be especially valuable in revealing unmet needs.

Understanding Financial Life Stage
Clients' needs often change depending on their life stage. Clients who are near retirement may need more assistance with estate planning and converting investments into income. Younger clients might need more advice on accumulating wealth and managing risks.

Client Advisory Boards
Consider creating a client advisory board — a group of clients who meet regularly to provide feedback and advice on your services. This can provide deeper insights into clients' needs and how you can meet them.

Understanding clients is not a one-time task but an ongoing process that involves active listening, regular communication, and feedback mechanisms. It requires an investment of time and resources. Still, the insights gained are invaluable in creating a value proposition that resonates with your clients and differentiates your firm in the competitive wealth management industry.

Align with Your Strengths

Next, align your value proposition with your strengths. Reflect on your strengths identified earlier. How do these strengths meet your clients' needs? Perhaps your team's expertise allows you to offer sophisticated tax strategies. Maybe your strong client relationships enable you to provide highly personalized service. Highlight these strengths in your value proposition.

Differentiate from Competitors

Differentiation is a key aspect of a compelling value proposition. How are your services different from those offered by competitors? Do you specialize in a niche market? Do you offer unique investment strategies? Do you use advanced technology to enhance client experience? Clearly express these differentiators in your value proposition.

Keep It Simple

A good value proposition is simple and easy to understand. Avoid industry jargon and keep your message clear and concise. A potential client should quickly know what you offer and why it benefits them.

Test Your Value Proposition

Once you have crafted your value proposition, test it. Solicit feedback from your team, existing clients, and potentially even prospects. Are they finding it compelling? Does it resonate with them? Use their feedback to refine your value proposition.

Communicate Your Value Proposition

Finally, communicate your value proposition effectively. It should be prominently featured on your website, in your marketing materials, and in your client communications. Your team should understand it and be able to articulate it in their interactions with clients and prospects.

In summary, crafting a compelling value proposition involves understanding your clients' needs, aligning with your strengths, differentiating from competitors, keeping it simple, testing, and communicating effectively. By developing a compelling value proposition, you can attract and retain clients, differentiate your firm, and drive the growth of your business.

Chapter 2 Key Points

In this chapter, we uncovered how to assess a firm's strengths and weaknesses, identify a target audience including crafting an Ideal Client Persona, and how to utilize the client persona in creating a Unique Value Proposition (UVP).

- A compelling UVP is essential for differentiating a wealth management firm, requiring strategic integration of market research, client needs, and self-audit.
- Internal evaluations, including honest self-assessments and team feedback, are foundational steps in identifying a firm's strengths and weaknesses.
- Conducting a SWOT analysis helps firms identify internal and external factors affecting their success, offering insights for strategic planning.
- You can define your firm's target audience and create an Ideal Client Persona by segmenting the market and analyzing client data.
- Developing a compelling UVP that aligns with your Ideal Client Persona and capitalizes on your strengths, is crucial to set your firm apart for from competitors.
- Actively soliciting and incorporating client feedback is crucial for refining the UVP to meet real-world expectations.
- After creating a UVP and Ideal Client Persona, the next step is to consistently broadcast your value proposition through various communication mediums to attract and retain a loyal client base.

Chapter 3:
Building a High-Performing Team

"If you want to go fast, go alone. If you want to go far, go together."

The success of your firm rests heavily on harnessing the collective expertise and diverse skill set of your team. This chapter delves into the foundational processes that can shape your organization's future, and how leveraging this can help your firm deliver unparalleled value and solutions tailored to each client. We will explore the intricacies of attracting top-notch professionals to your firm, fostering an environment that inspires exceptional performance, and nurturing existing team members to ascend into leadership roles.

Each of these core sections — Recruiting Strategies for Top Talent, Fostering a Culture of Excellence, and Developing Leaders within Your Organization — are interwoven and vital in crafting a high-performing, innovative, and resilient team that drives your firm to new heights of success.

Recruiting Strategies for Top Talent

Building a high-performing team starts with recruiting top talent. This necessitates a strategic approach that blends conventional wisdom with cutting-edge practices.

Understand Your Requirements

Before you begin the recruitment process, have a clear understanding of the role you're filling and the skills it requires. Define the desired qualities, technical know-how, and experience level in your job description. This clarity will attract the right candidates and simplify the screening process.

Create a Strong Employer Brand

In today's competitive job market, a strong employer brand can be a decisive factor for top talent. Beyond salary, candidates look for companies with positive work environments, opportunities for growth, and a sense of purpose. Showcase your company culture, values, and benefits through your website, social media, and job postings.

Leverage Your Network

Your personal and professional networks can be rich sources of top talent. Employees, partners, and clients – they all could know someone perfect for your team. Encourage referrals by setting up incentives. This saves time and ensures a cultural fit, as people typically refer candidates whose values they believe will align well with the organization.

Engage with Passive Candidates

Don't limit your search to active job seekers. Passive candidates – those not actively looking for a job –

often make up a large portion of top talent. Connect with them through networking events, professional platforms like LinkedIn, or specialized recruitment agencies.

Invest in Training

Sometimes, the best talent needs a little cultivation. Consider recruiting individuals with potential and providing them with training and development opportunities. This strategy often yields dedicated employees who are grateful for the growth opportunity and fit well into the company culture.

Implement a Rigorous Interview Process

Quality over quantity should be the mantra for interviews. A thorough interview process helps you assess the candidate's skills, cultural fit, and potential for growth. Consider using a mix of interviews, assessments, and scenario-based tasks to gain a holistic view of the candidate's capabilities.

Streamline Your Onboarding

First impressions matter. A smooth onboarding experience can help new hires settle quickly, enhancing their productivity and retention. Make sure the process is well organized and includes orientation, necessary training, and early-stage goal setting.

Foster a Growth Mindset

Top talents are driven by the pursuit of growth and learning. Fostering a growth mindset within your organization can help attract and retain such individuals. This includes providing ongoing training, constructive feedback, and opportunities for professional development.

In summary, recruiting top talent for your wealth management firm is a thoughtful, strategic process. It involves understanding your needs, creating a compelling employer brand, leveraging networks, engaging passive candidates, investing in training, implementing a rigorous interview process, streamlining onboarding, and fostering a growth mindset. Each of these steps is integral to attracting the best and brightest to your team.

Fostering a Culture of Excellence

The performance of a wealth management firm, and indeed any organization, can be strongly influenced by its culture. To drive your firm toward higher growth, fostering a culture of excellence is imperative. This involves creating an environment where high standards are the norm, and continual improvement is valued and rewarded.

Define What Excellence Means for Your Firm

Begin by establishing a clear vision of what excellence means in the context of your firm. It could be a commitment to providing superior client service, using cutting-edge technology to provide tailored financial solutions, or consistently achieving high returns for your clients. Ensure this vision aligns with your overall business strategy and goals.

Communicate the Vision

Once you've defined what excellence means for your firm, it's crucial to communicate this vision to all team members. This can be done through team meetings, internal communications, or an 'excellence charter' that outlines your expectations. Ensure that the vision of excellence is clear, compelling, and capable of inspiring your team.

Lead by Example

Leadership plays a pivotal role in shaping the culture of an organization. As leaders, embody the qualities that exemplify excellence, whether it's attention to detail, commitment to client service, or a focus on innovation. When the team sees firm leadership practicing what they preach, it reinforces the importance of these values.

Foster a Learning Environment

In a rapidly evolving industry like wealth management, continuous learning is essential. Encourage your team to stay abreast of industry trends, emerging technologies, and regulatory changes. This could involve regular training sessions, industry conferences, or providing resources for self-learning.

Encourage Initiative and Innovation

Empower your team to be proactive, experiment with fresh client engagement strategies, and explore cutting-edge technology. This may mean loosening the reins a bit, setting aside dedicated time for collective idea generation. By fostering a culture of ingenuity, you're not just staying ahead of the curve—you're defining it.

Implement a Recognition and Reward System

Recognize and reward employees who display a commitment to excellence. This can be done through employee-of-the-month awards, bonuses for exceptional work, or public recognition in team meetings. Ensure that your reward system is fair, transparent, and aligned with your vision of excellence.

Encourage Open Communication

Open communication is crucial for fostering a culture of excellence. It enables you to address issues promptly, gain valuable insights from your team, and ensure that everyone is working toward the same goals. Encourage team members to share their ideas, feedback, and concerns freely.

Develop a Strong Feedback Mechanism

Feedback is a critical tool for continuous improvement. Implement a feedback mechanism that allows you to gauge your team's performance over time. This could involve regular performance reviews, feedback sessions, or surveys.

Promote Teamwork and Collaboration

A culture of excellence thrives on teamwork and collaboration. Promote a work environment where team members can collaborate freely, learn from each other, and work together toward achieving common goals.

Fostering a culture of excellence involves defining and communicating a clear vision of excellence, leading by example, creating a learning environment, encouraging initiative and innovation, rewarding excellent performance, fostering open communication, developing a feedback mechanism, and promoting teamwork. By cultivating such a culture, your wealth management firm can achieve higher growth, attract top talent, and provide superior service to your clients.

Developing Leaders within Your Organization

Developing leaders within your organization is imperative for sustainability and growth. It ensures a pipeline of competent individuals ready to take on higher roles and boosts employee engagement, productivity, and retention. Here's how you can cultivate leaders within your wealth management firm.

Identify Potential Leaders

Potential leaders can be identified through their performance, initiative, problem-solving abilities, and the respect they command among peers. Use performance reviews, feedback from managers and team members, and your own observations to spot these individuals. Remember, leadership potential isn't only displayed through current job performance, but also in the ability to perform at a higher level and manage complex tasks.

Provide Opportunities for Growth

Identified potential leaders should be given opportunities to grow and stretch their abilities. This could involve challenging assignments, leading projects, or managing a team. These experiences allow potential leaders to apply their skills, learn, and prove their readiness for larger responsibilities.

Implement a Leadership Development Program

A structured leadership development program is a powerful tool for cultivating leaders. Such programs could include training sessions, workshops, mentoring, and coaching. The focus should be on developing key leadership skills such as strategic thinking, communication, decision-making, team management, and emotional intelligence.

Encourage Mentorship

Mentorship is a valuable resource for aspiring leaders. Pairing potential leaders with seasoned executives allows for a direct transfer of skills, knowledge, and insights. It also provides mentees a safe space to discuss challenges, seek advice, and receive feedback.

Offer Educational Opportunities

Encourage continuous learning by offering educational opportunities such as sponsoring relevant courses or certifications, hosting internal training sessions, or providing access to online learning platforms. Consider blending technical knowledge with soft skills training.

Promote Cross-Functional Exposure

Understanding different areas of the business is crucial for effective leadership. Encourage potential leaders to gain exposure to various departments through job rotation or cross-functional projects. These opportunities broaden perspective, foster a holistic understanding of the business, and promote inter-departmental cooperation.

Foster a Culture of Leadership

Cultivating leaders isn't the responsibility of HR alone; it should be an organization-wide endeavor. Foster a culture where leadership is valued, where every employee feels empowered to take initiative, and where continuous learning and improvement are the norms.

Leverage Performance Reviews

Performance reviews can serve as checkpoints for leadership development. Use them to assess progress, provide constructive feedback, and set new goals. This process should be transparent, fair, and focused on development rather than just evaluation.

Recognize and Reward Leadership Behaviors

Recognize and reward not just results, but also the demonstration of leadership behaviors. This could involve public recognition, promotions, or financial rewards. Such recognition reinforces the importance of leadership and motivates others to develop similar skills.

Developing leaders within your wealth management firm involves identifying potential leaders, providing growth opportunities, implementing a leadership development program, encouraging mentorship, offering educational opportunities, promoting cross-functional exposure, fostering a culture of leadership, leveraging performance reviews, and recognizing leadership behaviors. By adopting these strategies, you can build a robust pipeline of leaders ready to steer your organization towards greater heights of success.

In conclusion, the success of a wealth management firm is intimately tied to the quality of its people. This chapter has underscored the criticality of recruiting top-tier talent, cultivating a culture that values and rewards excellence, and conscientiously developing leaders within your ranks. Remember, these strategies are not one-off efforts but ongoing commitments that demand consistency, engagement, and adaptability.

As you weave these practices into the fabric of your organization, you'll create an environment that attracts, nurtures, and retains the kind of talent capable of driving your firm forward in the rapidly evolving landscape of wealth management. You'll stand well-positioned to offer outstanding value to your clients, sustain high growth, and maintain a robust competitive edge.

Additional Reading

Here are a few recommendations that has guided the creation of this chapter, and are used in leadership development at Nitrogen.

- ***Who: The A Method for Hiring*** by Geoff Smart and Randy Street - This book provides a simple, practical method for hiring the right people based on a three-part formula: know what you need, find it through sourcing and selecting, and sell your company to the top talent.
- ***Hire With Your Head: Using Performance-Based Hiring to Build Great Teams*** by Lou Adler - This book provides a systematic process for hiring top talent and provides tips on how to attract the best candidates.
- ***Topgrading: How Leading Companies Win by Hiring, Coaching, and Keeping the Best People*** by Bradford D. Smart - Topgrading offers techniques for improving hiring processes to ensure that you only hire and retain 'A' players.
- ***Talent Magnet: How to Attract and Keep the Best People*** by Mark Miller - This book examines what top talent in any industry wants in a job and shows you how to attract and keep the best.
- ***Recruiting 101: The Fundamentals of Being a Great Recruiter*** by Steven Mostyn - While not specific to the wealth management industry, this book offers a broad understanding of recruiting and provides strategies that could be adapted to any industry.
- ***Hiring for Attitude*** by Mark Murphy - The book reveals how leaders at financial services companies can hire great employees who are also great for their culture.

Chapter 3 Key Points

In this chapter, we learned how to recruit top talent, foster a culture of excellence, and develop leaders within your wealth management firm.

- Building a high-performing team starts with strategic recruiting.
- To drive your firm toward higher growth, create an environment where high standards are the norm, and continual improvement is valued and rewarded.
- Developing leaders within your organization ensures a pipeline of competent individuals ready to take on higher roles and boosts employee engagement, productivity, and retention.
- Recruiting and culture strategies are not one-off efforts but ongoing commitments that demand consistency, engagement, and adaptability.
- A high-performing team helps your firm offer outstanding value to your clients, sustain high growth, and maintain a robust competitive edge.
- You can expand your knowledge about recruiting and culture with a list of book recommendations that are used in leadership development at Nitrogen.

Chapter 4:
Client Acquisition Strategies

Marketing is key to client acquisition. Whether you're excited to dive into financial advisor marketing, or standing on the precipice full of anxiety, gaining knowledge on best practices will help you better prepare for your firm's growth.

According to Kitces' advisor marketing report, "How Financial Planners Actually Market Their Services," high-growth advisory firms are "twice as likely to have a structured marketing approach" with a comprehensive marketing strategy and a marketing hire that tracks marketing spend and ROI.[17] No matter the size or development stage, high-growth firms consistently put more dollars toward marketing than their slow growth peers.[18]

Marketing is a lever advisory firms can push to incite growth. This chapter offers a broad overview of effective marketing tactics for growth, referral generation tips, and how to remain compliant with your efforts. As your firm uses these techniques, there is an opportunity to put marketing dollars behind your efforts, such as through paid social and digital advertising, to efficiently draw in new leads. With these tactics, you can turn your marketing into the gift that keeps on giving (leads, that is).

Addressing Your Firm's Target Market

We've said it before, and we'll say it again: Your ideal client is someone with needs and goals that you feel most prepared to handle given your background, experience, and the tools available.[19] If you've read Chapter 2, then you've already learned how to define your Ideal Client and craft your firm's Client Personas. Now is the time to pull those Client Personas out and put them to tactical use through the strategies outlined in this chapter. At every point in your marketing efforts, you will craft communication and messaging that appeals to your target Client Personas.

Jump ahead to Chapter 12 to access our most popular marketing templates, including:

- Ideal Client Persona Builder
- Talent Strategy Planner
- Workflow Assessment
- Referral Scorecard
- and more!

Once you have your ideal client personas and your Unique Value Proposition, or UVP (see Chapter 2), it's time to select the proper channels to share your firm's messaging. Dive into your research on these clients, like what social platforms they use the most or what questions they tend to Google. There's a plethora of research out there waiting to help you; you just have to find it.

Cultivating Organic Growth

If your firm desires to scale or grow, there are two primary ways to do it: inorganic growth or organic growth.

Inorganic growth happens when firms experience a merger and acquisition (M&A). But for this chapter, we're going to focus on the vast opportunities you'll find by pursuing organic growth.

Organic growth can be broken down into two categories: outbound marketing and inbound marketing.

Outbound marketing refers to strategies you use (and typically pay for) to put yourself in front of your desired audience: ads, email lists, billboards, commercials, etc. By comparison, inbound marketing includes the strategies you use to attract your audience to you: blog writing, email newsletters (not through a paid list), Ebooks, checklists, videos, and social media.

Six Marketing Ideas Your Firm Can Start Today

There are six great ways to kick off your financial advisor marketing strategy – let's dive in.

1. Customer testimonials

Customer testimonials are now available for advisors to use via the updated SEC Marketing Rule – with a few caveats:[20]

- No cherry-picking
- Include disclosures on the same page

Your firm can also use Google reviews to promote your firm's services, but the same rules apply. We'll cover more on using customer testimonials later in the chapter.

2. Social media

We've rounded up some social media best practices, which are segmented by platform:[21]

LinkedIn:

- Use Sales Navigator
- Use Publishing
- Use Slideshare

Facebook:

- Treat your Facebook page like a website
- Use Facebook ads

Twitter:

- Create Events
- Take Advantage of Twitter Cards
- Host Contests
- Sponsor Promoted Tweets

If you're feeling overwhelmed by the idea of jumping on all three platforms at once, it's best to focus on just one. Once you've mastered that platform, you can add in more. Social media is such a powerful tool for growth for financial advisors, that we've included a deep dive into the ins and outs of social media strategy later on in this chapter.

3. Website engagement

The best advisor websites invite visitors in for more, always finding new ways to engage prospects. A big part of building digital engagement is to offer value up-front through website-embedded tools.

We offer such a tool through our Nitrogen Lead Generation Questionnaire (LGQ), which can easily be embedded on your website, as well as your email and social media profiles.[22] The questionnaire provides a simple, easy-to-use way for your advisors to collect information from prospects while keeping them on your site longer and generating further interest.

4. Website design

Beyond engagement, you'll also want to consider your website's aesthetic appeal. Research suggests you have just seconds to make an impression on your website visitors, so having a clear brand and message is of the utmost importance.[23]

Our suggestion is to learn from the best in website design. Take a moment to browse great advisor websites as inspiration and figure out how you can implement your own website goals in a sleek, user-friendly design.[24]

5. Digital Marketing

Applying digital marketing strategies to your existing content can help boost your engagement across the board.[25]

Simple changes like making your copy more scannable by adding headers and bullet points can make a world of difference. It's also a great idea to embrace CTAs, or "calls to action," in your content, which can point readers toward other useful resources your firm offers – or even encourage them to schedule an introductory call.

6. Podcasting

Podcasting is a great way to add value to your clients in their everyday lives. Podcasts can be listened to in the car while completing household tasks while exercising and so on and so forth. Plus, podcasting is a very accessible medium for advisors – all you need is an iPhone to get started!

Social Media Marketing for Financial Advisors

High-growth firms leverage social media to drive leads and brand awareness. This can be a highly rewarding tactic, but can sometimes be time consuming. To make your social media efforts as efficient as possible, we've gathered some of the best ways to use social media to grow your brand and, eventually, scale your firm.[26]

Four Tips for Social Media Marketing That Works

Social media is saturated with posts from millions of people and firms. Even if your network is small, people still tend to swipe or scroll until they see something that catches their eye.

Use Visually Driven Content

It's essential that your social posts are visually driven and reflect your firm's branding. People absorb and register images much, much faster than text. In fact, social media posts with images receive 650% more engagement than posts with text only.[27]

Focus on Your Clients

People don't come to Facebook or Twitter to read a sales pitch (in fact, they're probably trying to avoid sales pitches while on social media). So give the people what they want! Identify their biggest pain points and offer solutions, answers, or resources to address them. If your target audience is tech employees, share posts about equity compensation planning, wealth building, homebuying, etc.

Understand Each Platform's Algorithms

Every platform has developed its own algorithm to determine the visibility of a post. This can get fairly complex and is certainly not an exact science. But knowing what time of day is best to post, or what type of content (links, photos, videos, etc.) the platform tends to favor can be helpful.

More important than trying to game an algorithm, though, is consistency. If the old quote about success in life is mostly about showing up, that sentiment also applies to social media.

Engage More Than You Post

Sometimes, people forget the social part of social media.

As a general rule of thumb, engage with others 80% of the time and post your own content 20% of the time. Doing so will broaden your visibility beyond your network, so you can extend your reach and find new audiences who see your comments on other peoples' posts.

The Social Platforms Financial Advisors Should Use

Start by looking at your target demographic and consider what platforms they're using.
For example, LinkedIn may not be the right place to reach people in retirement, but it could be a great way to connect with wealth builders or those reaching their peak earning years.

Twitter is an effective platform for growing your professional network or talking to journalists and publications. It tends to work best for connecting with other people in the financial services industry, as opposed to connecting directly with new potential clients.

Once you have an idea of where your clients may be spending their time, start to test the waters and see where you find success.

If this is your first time managing a business social media account, don't feel like you have to jump onto every platform all at once. Start with one, maybe two, and figure out what works well and what doesn't. Get comfortable with maintaining a regular schedule, engaging with others, and gradually you'll be able to grow your network.

Eventually, you may want to check out another platform. But it's better to put your effort into growing a presence on one platform consistently than to try to overwhelm yourself with multiple platforms. If that happens, it's possible you won't be able to devote enough time to any of them to really make a difference.

Creating a Social Media Marketing Calendar

A social calendar keeps you accountable and helps to maintain a regular, consistent online presence. You can use it to identify timely opportunities to post, such as holidays, special months, tax or financial deadlines, and more.

The benefit of creating a calendar is that you can give yourself time to think about upcoming topics to post on, create relevant graphics, search for relevant hashtags or keywords or make a quick video to enhance the post.

By thinking ahead, you can use a social media scheduling tool that allows you to load and schedule multiple posts at once instead of manually posting something new every day. This can help put more time back in your day to share, comment, and interact with other posts instead.

As you create your social media calendar, don't forget to include time each week or month to check the analytics. This information will help you determine how many people saw your posts, clicked on links, shared them, etc. You'll be able to see what types of posts are performing well and which aren't.

When analyzing this data, look for patterns, such as posts with images or videos or posts that use certain hashtags. Eventually, you'll be able to figure out your own "secret sauce" for boosting engagement.

How Often Should You Post?

It's not a hard and fast rule, but trying to post daily on the social platform you've decided to commit to may be the fastest route to achieving your goals.

Things move very quickly on social media. A tweet, for example, has a lifespan of about 15 minutes.[28] On LinkedIn, posts show up on user feeds for about 24 hours.

Because of this, posting regularly helps maintain visibility with your network. It's likely not everyone will see every post you share, so no need to worry about coming across as too "spammy." In fact, you can use this to your advantage by tweaking and resharing the same messaging or content multiple times. You don't have to reinvent the wheel every time you want to post something.

Your Guide to Compliant Marketing

If there's one main rule to marketing financial services that you're going to need to remember, it's to avoid promissory language. Just as in all content your firm distributes, promissory language can put you in a compliance bind and leave you vulnerable to costly SEC fines.

Let's explore some other key points you'll need to keep in mind for compliant marketing success:

Your Firm's Processes

Every firm has a different set of processes and procedures in your daily work and by extension, your marketing.

Consider an email you're sending out to prospective clients: Who is writing the email? Who will proofread it? Who will load it into your CRM and identify which contacts it will be sent to? Which platform will you use to send it out?

Sending an email sounds simple enough, but when you add in the pressure of documentation from compliance departments, it can complicate the process.

If you're an RIA, getting approval on a new blog might be as simple as tapping your partner (who happens to pull double-duty as CCO) on the shoulder to give it a quick read.[29] If you're a B/D rep, your compliance process is probably a little more drawn out, so it's important to build that timeline into your creation process.

Using Tech

When it comes to compliance, technology is your best friend. It can streamline archival, bring efficiency to training employees on best practices and even automate some of those mundane (yet necessary) compliance tasks.

Tech that allows you to find issues before they become problems are great tools to have on your side. For example, compliance software like Nitrogen's Compliance Solution can help your firm synchronize data, spot discrepancies, and drive your overall success.[30]

Testimonials

Did you know that more than half of wealthy investors found their advisors via a referral?[31] The stats don't lie: People trust other people's opinions and feedback when choosing their financial advisor – that's why client testimonials are so powerful.

But testimonials can also bring uncertainty to your firm's compliance department. You know that the Advisor Marketing Rule now allows them, but what are the parameters?[32] Where can you post them? How should they be formatted?

One of the biggest rules to keep in mind is that you can't "cherry-pick" your testimonials – if you're going to ask for one testimonial, you have to ask all your clients.[33] Then, you can't just pick and choose the good ones to keep in your marketing materials; you have to include a "fair and balanced" proportion.

You'll also need to provide disclosures on the same page as the testimonial, including whether it came from a current client, whether compensation for the testimonial was provided, and a statement of any material conflict of interest.

Generating More Referrals

While marketing tactics are rising in popularity, especially with high-growth firms, we would be remiss if we did not address what is by far the most popular way that advisors generate leads across the industry in a chapter about client aquisition: client referrals.

Referrals are a great way to garner new (and qualified) prospects, and we have three key ways to boost those sweet referral numbers aside from just straight up asking for them!

Monitor client sentiment

First off, it's important to have a good gauge for how your clients feel about your service. Are they happy? Uncertain? Only your clients can tell you that!

Nitrogen's comprehensive growth platform supports proactive outreach through our Check-ins feature, which prompts your clients to leave feedback.[34] You can choose to use Check-ins with all your clients or a select few that you think need special attention at any given time.

Communicate

Along the lines of checking in, it's important to have regular communication with your clients. Studies show that one of the main reasons clients end up firing an advisor is because of a lack of communication.[35]

To get in front of this issue, it's crucial to be upfront about communication expectations from the very beginning. Be transparent with new clients about how often you plan to communicate and through which methods. Will you be emailing them each month? Each quarter? How often should they expect to get a phone call?

Deciding on a communication schedule early on (and sticking to it) can help your clients avoid feeling left behind or forgotten.

Deliver excellent service

Sometimes, the most obvious answers are the correct ones: The number one way to generate client referrals is to deliver top-notch service. When your clients are happy with your work, they're much more likely to spread the good word.

Advisor marketing isn't one-size-fits-all, but with proactive communication, defined client personas, and compliant marketing techniques, you're on your way to marketing success.

Chapter 4 Key Points

In Chapter 4 we outlined some of the top client acquisition strategies from practical marketing tactics to referral generation tips.

- Marketing is a lever advisory firms can push to incite growth.
- At every point in your marketing efforts, you will craft communication and messaging that appeals to your Ideal Client Persona.
- If your firm desires to scale or grow, there are two primary ways to do it: inorganic growth or organic growth. This chapter focuses on organic growth.
- Six marketing tactics that your firm can start using today include: sharing customer testimonials, building out a social media presence, making an engaging website, updating your website design, applying digital marketing strategies, and being a guest on a podcast!
- High-growth firms leverage social media to drive leads and brand awareness.
- If there's one main compliance rule to marketing financial services that you're going to need to remember, it's to avoid promissory language.
- Referrals are the most popular way advisors garner new (and qualified) prospects, and this chapter offered three key tips to boost referrals (besides just asking for them!).

Chapter 5: Retention and Client Satisfaction

What does it take for advisory firms to reach hyper-growth, catapulting themselves to new levels of business success?

There are an incredible number of strategies, tactics, and opinions on how to best grow your business, but we want to draw your attention to one simple, practical way to ensure that your growth strategy is always evergreen: focus on your client engagement strategies.

While the previous chapter focused on acquiring new clients, this chapter is going to show you how to retain them.

If you want to become a hyper-growth advisory firm, there is no better way than to purposefully and consistently engage with existing clients. In the 2023 Nitrogen Growth Survey, we discovered a few key findings about what high-growth advisory firms do differently than slow-growth firms — and, perhaps unsurprisingly, they come back to solid client communication principles. You can review the entire Nitrogen Growth Survey in Chapter 14.

Firms classified as hyper-growth grew 20% or more in the previous year. Hyper-growth firms:

- **Incorporate more automated communications** into their practice, ensuring that they frequently show up and add value to different segments of clients with targeted valuable content.
- **Feel more prepared for the Generational Wealth Transfer** than slow-growth firms do, also due in part to having more advanced client communication techniques.
- **Implement proposal generation software and lead-conversion tools** that better equip them to convert leads into meetings, meetings into clients, and clients into referral champions with defined processes running flawlessly through their technology systems.

In this chapter, we'll dive deeper into effective client engagement strategies that you can implement in your firm, as well as identify the role of technology in a digital engagement strategy for existing clients.

Eight Effective Strategies to Increase Client Engagement

The path to hyper-growth begins with understanding how to increase client engagement. To that end, identify how many of these eight types of client engagement your firm is (or isn't) already using – and then implement any tactics that you aren't effectively doing already.

1. Timely communication

Look first at how often you're communicating with your clients as a whole. This doesn't mean how many review meetings you hold each year, but rather, the totality of communication. If you aren't communicating timely, relevant information to clients at least monthly, then this is the first place to start when attempting to increase client engagement.

2. Regular meetings

Your actual meeting cadence will vary depending on the services you offer, the complexity of the clients you work with, and what's occurring in the world that's impacting investments. However, it's generally accepted that personal meetings with most clients should occur 2-3 times per year – and annually, at the bare minimum.[36]

3. Managing expectations through risk

Getting clients engaged in their investment performance, especially if they are naturally delegators, can be a balancing act for even the best financial professional. But managing expectations and communicating why it's important to stay the course during turbulent conditions is essential for keeping clients engaged.

One of the most effective ways to manage expectations is by helping clients to understand their personal level of risk tolerance and then using that knowledge as a recurring conversation point to build trust in both an advisor and the agreed-upon plan.[37]

4. Personalizing the client experience

There is constant talk about personalization within the financial advice profession, and research about client preferences backs up the need to build communication plans that are as highly targeted as possible.

Personalization doesn't mean "basic" tactics like using an email platform to auto-generate first names. Instead, clients want their advisors to anticipate what's important to them and engage with them about those personal situations.[38]

5. Being empathetic

Empathy is a critical element in building trust and connection with clients, and advisors who master the implementation of a holistic, empathetic approach to client relationships give themselves a pathway to long-term engagement and retention success.[39]

Empathy is not just about active listening; it's also about the actions taken after a client has indicated what they need and how you can help them. Follow-through is the most important part of cultivating relationships.

6. Financial education

Financial education not only draws prospects to a firm, it helps to retain clients over time with relevant information. That principle can be seen best in the Great Wealth Transfer taking place as assets change hands from older to younger generations.[40] By putting a focus on engaging with the next generation through education, advisors can attempt to keep more of the estimated 70% of wealth that leaves a firm after one generation.[41]

7. Targeted campaigns to niche groups

Often, advisors think of targeting marketing campaigns only as a way to reach new prospects. However, targeted marketing campaigns to internal groups – like different segments of clients – are just as important to the growth and longevity of a firm as attracting new business.

8. Expand the services you offer

As a firm offers more services, it gives itself additional opportunities to engage with and talk to its current clients. For example: If you're a firm that began with investment management and financial planning, adding tax planning can be a way to increase the value offered to the people you serve and even gain additional wallet share.

Automate Your Client Engagement

Implementing an effective client engagement strategy is one thing, but even the most organized teams can quickly become overwhelmed by the communication needed to constantly stay in front of news, trends, and the personal, everyday concerns of clients.

That's why, in addition to the client engagement examples offered above, automation is critical for an effective digital engagement strategy. With the 2023 Firm Growth Survey, we discovered interesting data to back up the need for automated client engagement in advisory firms.

High-growth firms automate more communication

Overall firms that are growing slowly have less automated client communication than hyper-growth firms. But more importantly, they are roughly 1.5x more likely to have no automation set up at all.

Automation is essential because it helps to free up time for advisors to develop their soft skills. In an industry like wealth management, where most advisors are expecting to be involved in business development and the prospecting process, automation can lead to more one-on-one personal interactions with clients and the time needed to follow up with prospective clients too.

When it comes to hyper-growth firms, 25 to 50% of communications are automated. When that much manual work is taken out of an advisor's hands, a tremendous amount of free time is created to push toward revenue-generating activities instead.

Automation Leads to Personalization

When some advisors hear the word "automation," their minds immediately think of impersonal communications, but that couldn't be further from the truth.

The reality, though, is that personalized automation does ask for upfront time. When done correctly, automation involves correctly segmenting clients and groups, which can either take a few hours or a few weeks, depending on the quality of your data and the size of your existing list. That way, your firm can deliver personalized content without adding more work for advisors and staff going forward.

How exactly to implement automated client engagement strategies is an often-asked question, and that's where technology shines. The best way to implement a personalized and automated communication process is with either your CRM or lead generation software, like a marketing automation tool similar to Snappy Kraken or FMG Suite.

Whichever technology solution makes the most sense for your firm, implementing workflows that put you in front of clients without the need to continually set up manual responses to every inquiry.

How to Build a Client Engagement Strategy with Nitrogen's Risk Number®

Getting clients to consistently engage with your firm requires that you can quickly and simply show your value to them in real, tangible ways over and over. And most importantly, show that value in a way that's easy for them to understand.

The Risk Number® developed by Nitrogen is one simple way for advisors to offer an objective, quantitative measurement of their client's true risk tolerance and the risk in their portfolio.[42] By providing a quantitative aspect to financial advice, it's easy for clients to engage with and understand the investment decision behind their financial plans.

Every advisor knows that the typical consumer is overwhelmed by financial information. On any given day, they may see differing headlines from their local news, The Wall Street Journal, CNBC, and a dozen other news sources. What each client needs is confidence in what they're doing in that sea of information. The Risk Number provides a way for advisors to keep clients confident in their advice.

Most clients face a common fear – suffering losses that will derail their long-term plans. With the Risk Number at the center of annual reviews and other client conversations, advisors can turn fears into the confidence needed to make the right decisions for both the short-term and the long-term.

Whether you need to engage with prospective clients, help a married couple reach risk alignment, or simply remind clients during turbulent times that they are still within their confidence range, the Risk Number can help start conversations that keep clients invested right.[43]

Connecting Portfolio Management to Client Engagement

Keeping clients engaged in their financial plan can't end with conversations, though. Engagement without results backing up those conversations will ultimately end up costing you clients and slow the growth of your firm to a crawl.

But how do you connect your client engagement strategies with the all-important investment and portfolio management work that you do behind the scenes to deliver results and desired outcomes?

Once again, advisors can lean on the Risk Number in these situations too. Once the Risk Number is established, you have concrete knowledge of how much risk a client wants to have in their portfolio, and you know if their risk tolerance matches how they're invested. But even more, you know how their current risk tolerance aligns with the level of risk tolerance they need to meet those goals you've discussed.

Here's how: A portfolio-wide Risk Number, when combined with the 95% Historical Range that sets expectations for portfolio performance outside of any “Black Swan” events, enables you to make investment decisions that demonstrate alignment with the risk tolerance of your existing clients and new prospects.[44,45]

When portfolios are built this way, you can directly connect the way you manage client portfolios with the way you talk to them about preferences, desires, fears, and the goals they’ve communicated to you. Investments and plans come together seamlessly.

And in the end, building portfolios around the same tools that you use to engage with clients brings symmetry across your entire organization. From every client conversation to every portfolio you construct, there’s a consistent process at the center.

Chapter 5 Key Points

This chapter was all about client retention, helping you to build trust and rapport with existing clients in a manner that is both effective and efficient.

- Communicating timely, relevant information to clients on a monthly basis is the first place to start when attempting to increase client engagement.
- While it varies from firm to firm, it’s generally accepted that personal meetings with most clients should occur 2-3 times per year.
- Automation is critical for an effective digital engagement strategy.
- Hyper-growth firms incorporate more automated communications into their practice than slow-growth firms, ensuring that they add value to clients with frequent, targeted content.
- The best way to implement a personalized and automated communication process is with either a CRM or lead generation software, like a marketing automation tool.
- Empathy is a critical element in building trust and connection with clients, and empathetic advisors succeed at long-term engagement and retention.
- The Risk Number® developed by Nitrogen is one simple way for advisors to engage clients while capturing an objective, quantitative measurement of risk tolerance compared to portfolio risk.
- When portfolios are built with the Risk Number, you can directly connect the way you manage client portfolios and the work you do behind the scenes with the way you talk to clients about preferences, desires, fears, and the goals they’ve communicated to you.

Chapter 6:
Expanding Services and Scaling Up

A wealth management firm may experience significant success initially, yet staying stagnant could potentially harm the business. The company must remain vigilant to identify new opportunities that allow it to grow and expand, and scaling up must be a priority. This chapter will provide you with the key actions to take at every stage of growth, insights into how to identify new opportunities and service offerings, and tactics to increase lead generation.

The Four Stages of Firm Growth

Growing a wealth management business can be a complex process that requires planning, execution, and, importantly, the right tools at each stage. While each firm is unique in their value proposition, ideal client, and services, the following are the four general stages we've identified based on surveying 1,000+ advisors. These stages offer a general outline for what all firms go through when looking to grow.

Stage 1: Building Fundamentals

This introductory stage involves defining the firm's unique value proposition, identifying the target market, and building a strong team to support business growth. It's crucial to develop a strong brand identity that can differentiate the business from competitors. Key activities can include refining business strategies, hiring and training staff, developing strong operational systems and processes, and implementing a robust compliance program.

Key Actions:

- Develop a business plan: Clearly define your mission, target market, value proposition, services, and revenue models.
- Get licensed and registered: Ensure you are compliant with regulatory bodies like the Securities and Exchange Commission (SEC) or the Financial Industry Regulatory Authority (FINRA) in the U.S., and any equivalent organizations in your state.
- Build your team: Find the right personnel who not only have the necessary skills but also fit your corporate culture.
- Establish your tech stack: Implement reliable, secure, and efficient financial software solutions for CRM, risk management, marketing, compliance, and growth.

Stage 2: Client Acquisition:

In this stage, the firm focuses on attracting new clients through various marketing and networking activities. This might include the development of a marketing strategy, building a referral process, hosting educational seminars (digital or in-person), or leveraging your website and social channels for outreach. The objective is to demonstrate value to potential clients and inspire them to entrust their wealth management to the firm.

Key Actions:

- Develop and implement a marketing strategy: This might include digital marketing, hosting webinars or events, content marketing, and other targeted strategies to reach potential clients.
- Leverage networking: Networking with other professionals can bring referrals. Attend industry events and build relationships with professionals like CPAs and attorneys who can refer you to their wealthy clients.
- Establish strong relationships with your early clients: Word-of-mouth is a powerful tool in this industry. Make sure your initial clients are satisfied and willing to refer you to others.

Stage 3: Service Expansion

As the client base grows, financial advisors often look to broaden their services. This could include offering more specialized advice on areas like estate planning, tax optimization, and retirement planning. The goal is to serve as a comprehensive resource for clients' financial needs. While we list service expansion, this is often accomplished by onboarding dedicated staff with expertise in these unique areas. In doing so, the firm can increase its revenue per client and enhance client retention.

Key Actions:

- Understand your clients' needs: Regularly seek feedback from your clients and assess their needs to know which services to add or enhance.
- Provide comprehensive financial advice: Instead of just focusing on investment advice, offer holistic financial planning services, including retirement planning, tax strategies, estate planning, and risk management.
- Offer educational resources: Conduct seminars, webinars, or create online content that educates clients on financial topics. This adds value and cements your role as a trusted advisor.

Stage 4: Scale and Optimization

The final stage involves scaling up the business and optimizing operations for increased efficiency. This includes adopting new technologies to automate processes, investing in advanced data analytics to inform decision-making, or merging with or acquiring other firms to expand the client base and diversify service offerings. The focus here is on maximizing profitability while maintaining excellent client service.

Key Actions:

- Implement advanced technology: Adopt technology solutions that enable scalability. AI-based tools, communication platforms, and automated processes can improve efficiency and help manage more clients.
- Focus on client retention: Implement strategies to maintain relationships with existing clients. Regular communication, personalized services, and excellent customer service are key.
- Refine and optimize operations: Regularly review and optimize your processes, team structure, and service offerings to ensure maximum efficiency.

- Consider mergers and acquisitions: To rapidly grow your client base and assets under management, consider buying a book of business or merging with another firm.

These four stages - building fundamentals, client acquisition, service expansion, and scale and optimization - each require a set of specific, strategic actions. As financial advisors, taking the right steps at each stage can lead to a robust, client-centric firm that not only attracts affluent clients but also retains them by offering comprehensive, personalized services. By leveraging technology, nurturing relationships, and continuously optimizing operations, advisors can ensure the firm's sustainable growth and lasting success in the ever-competitive wealth management industry. A firm may cycle through these stages multiple times as it continues to grow and evolve.

Identifying New Opportunities for Growth

Return to Your Ideal Client Persona

Based on Chapter 2 of this playbook, you now have an ideal client persona to guide you. If you find your firm's growth going stagnant, it is time to evaluate your ideal client persona, and research if there are additional client segments your firm could attract. Take the time to also research your existing clientele. Identify what kind of services they are interested in, their feedback on your current services, and if there is any gap in the market that they would like you to fill. Also, consider what changes are happening in the field of wealth management that could provide your business with an opportunity to expand.

Keep an Eye on Competitors

It is crucial to have an eye on your competitors to determine the new services they are offering. Analyzing competitors' market position, client engagement, products, or service experimentation, will help you gain a competitive edge and guide decision-making.

Collaborate with Industry Partners

Collaborating with other businesses provides an opportunity to expand your business and offers additional services to your clients. Look for companies that complement your business and are not direct competitors, then develop a mutually beneficial arrangement.

Add New Services and Offerings

Adding new services can be an exciting possibility for firms looking to expand. Adding new services such as financial planning, tax planning, estate planning and analysis, insurance, real estate, and a variety of investments can appeal to a diverse set of clients and can lead to new business opportunities.

Develop A Strategic Plan

After conducting adequate research, creating a strategic plan is essential in scaling up. You must outline the costs, resources, timeline, and risks of introducing new services and service offerings. Once your strategic plan is formulated, it's time to execute your vision.

Expanding services and scaling up are critical factors for a wealth management firm's long-term success. Identifying new opportunities and offering more services that appeal to current and prospective clients will help your business become more competitive, provide additional value to your current clients, and increase your revenue. With thorough research, collaboration with other businesses, and the strategic planning and implementation of new services and offerings, your wealth management firm is sure to grow and thrive.

Increasing Lead Generation

With a strategic plan in place for increasing service offerings, eliminating gaps, and pursuing new target prospects, it's time to increase lead generation from digital marketing to referral strategies. This section serves as an addition to the client acquisition strategies outlined in Chapter 4, providing you with even more ways to scale your lead gen efforts.

By implementing these tips into your practice, you'll have the "secret ingredients" needed to bring more qualified leads to your inbox without spending hours of extra time on outreach.

Tip #1: Increase referrals

What's one of the most effective ways to drive leads to your inbox? Giving your clients something tangible they can take home and talk about with their friends and family.

It can be challenging for a client to quantify the value an advisor brings to their life, especially when you look beyond returns and portfolio performance. But giving your clients something they actually want to discuss and share with others is one of the surest ways to increase referrals.

For example, Nitrogen Risk Assessments help clients take their financial well-being into their own hands — and walk away with something quantitative to discuss with both their advisor and family members.[46]

People want to know that they can trust you with their hard-earned wealth before opening up about their financial life and future goals. Knowing their friends, coworkers or family members have had positive experiences with you helps ease those worries and builds a level of trust right off the bat.

Tip #2: Improve your circle of influence relationships

A common source for leads that shouldn't be taken for granted is your own circle of influence. Maybe you're familiar with local CPAs, insurance agents, attorneys, real estate agents, or other professionals.

You might even send clients their way from time to time. If you find that they aren't reciprocating, perhaps it's time to give your professional network and colleagues proof of results.

To do right by their own clients, other professionals tend to be particular in their referrals. They want to know that you're going to provide an exceptional level of service and work in their client's best interest.

One way to showcase your expertise and level of commitment to the client experience is to share how you incorporate Nitrogen's full suite of services into your practice.

From helping prospective clients self-qualify to automating touch points and providing tailored portfolio guidance, the full Nitrogen process helps advisors deliver an unparalleled client experience.[47] Sharing this information with your circle of influence should help them feel more comfortable and confident in sending more leads your way.

Tip #3: Turn up the leads

If your website feels like a glorified business card, it's time to turn it into a dynamic, lead-generation machine.

It's not enough to have your website looking like a Yellow Pages listing.[48] While it may effectively tell your story and provide basic info about your firm, there are plenty of opportunities to build a two-way conversation with site visitors.

Your website should help readers self-identify as good potential clients by using tools like lead magnets and questionnaires.[49]

Lead magnets are valuable pieces of content that a viewer typically has to provide certain information in order to access, like a name and email address. Lead magnets can be ebooks, fact sheets, case studies, or checklists. But the most effective lead magnets are interactive with the viewer, such as quizzes or games.

A lead generation questionnaire is another way to create engagement with your website viewers.[50] Again, this is a tool designed to improve lead generation for advisors. In order to access the questionnaire, viewers will need to provide their contact information. The benefit of a lead generation questionnaire is two-fold. As the advisor, you get access to a potential client's contact information, and your lead gains valuable insight into their unique tolerance for risk.

Chapter 6 Key Points

In this chapter, we explored how to identify growth opportunities at every stage of a firm's development and included even more ways to generate leads.

- A wealth management firm may experience significant success initially, yet staying stagnant could potentially harm the business.
- There are four general stages we've identified based on surveying 1,000+ advisors: Building Fundamentals, Client Acquisition, Service Expansion, and Scale and Optimization.
- There are key actions a firm can take at each stage to maximize growth.
- A firm may cycle through these stages multiple times as it continues to grow and evolve.
- To identify new opportunities for growth, reevaluate your Ideal Client Persona, learn what competitors are doing, collaborate with industry colleagues, and add new services to your repertoire.
- Expanding services and scaling up are critical factors for a wealth management firm's long-term success.
- Increase referrals with a tangible, free takeaway that your clients can bring to their family and friends, like a Risk Assessment.
- A common source for leads that shouldn't be taken for granted is your own circle of influence, such as CPAs, attorneys, and real estate agents.
- Revamp your website by adding a lead magnet like the lead generation questionnaire.

Chapter 7:

Leveraging Technology and Digital Transformation

When advisory firms incorporate the right tools into their practice, they have the power to improve processes, increase efficiency, generate qualified leads, and elevate the client experience.

But as the options to add to your fintech stack grow (just look at the latest version of the Kitces' Financial AdvisorTech Directory), it may become more difficult to discern between the tools that are boosting your bottom line and those that just take up space as a line item in your budget.[51] It can be difficult and time-consuming to select the right technology, and the wrong technology can slow you down, wasting time and resources.

RIAs spend on average 2% of their firm's revenue each year on technology.[52] Depending on the size of your firm, that equates to a significant chunk of change. You need to know you're building your tech stack correctly so it streamlines processes and grows your firm.

If you've been slow to incorporate new software, platforms, and apps into your business, you may be wondering if reevaluating your fintech stack is really necessary. Better yet, can the right tech tools actually help to accelerate your firm's growth goals?

This chapter will take a deep dive into what a tech stack is and how to improve your firm's efficiency with the right solutions in yours as well as provide essential insights on building a wealth management technology stack to accelerate growth.

What Is a Tech Stack?

A tech stack refers to the combination of tools and technologies your firm uses to conduct day-to-day operations. It consists of a combination of back-office programs and client-facing platforms that work together to help your team run smoothly and stay organized.

The pieces of your tech stack will have different purposes, such as automating repetitive tasks, customizing communications with clients, monitoring data, etc.

Most advisory firms have a fintech technology stack that includes:

- Customer relationship management (CRM)
- Financial planning technology
- Portfolio management
- Risk analysis
- Other solutions like billing, data analytics, rebalancing, etc.

Customer Relationship Management (CRM)

A CRM is commonly considered to be the central hub of any digital-first financial firm. It's a tool advisors use to keep all client information and data organized in one central location, and it is essential for managing client relationships, tracking interactions, and maintaining comprehensive client profiles.

There are many different CRMs on the market, but most allow advisors to track prospective clients as they travel through the sales funnel, filter client lists, record notes, and track client meetings.

If your firm takes some time to really optimize its CRM and implement automatic workflows, it's possible to transform it from a glorified address book to a lead and client nurturing machine. A well-implemented CRM helps teams work together more efficiently and streamline communication with clients.

Seek out CRM solutions tailored for wealth management, with features such as client onboarding, contact management, task automation, and integration capabilities with other software tools in your stack.

Financial Planning

Sophisticated financial planning software allows you to create comprehensive financial plans, model scenarios, perform retirement planning, and generate customized reports for your clients. By implementing the right financial planning software, advisors can spend less time on quantitative tasks and more time working one-on-one with their clients. Again, there are plenty of options when it comes to adding financial planning software to your fintech stack.

From identifying appropriate tax strategies to running a cash flow analysis, financial planning software can cover a wide variety of otherwise time-consuming tasks. These programs allow advisors to implement repeatable processes into their workflow, while still personalizing crucial data points to ensure each client receives tailored financial planning solutions.

Look for solutions that provide goal tracking, tax optimization features, and integration capabilities with your CRM and portfolio management system.

Portfolio Management

When advisors incorporate portfolio management tools into their tech stack, they're able to leverage powerful resources and formulas that far exceed what's been traditionally available to small- and medium-sized RIA firms.

Portfolio management software (PMS) can be used in a variety of ways including rebalancing portfolios, reviewing investment analytics of individual client holdings, running long-term scenarios, and overall managing client portfolios.

Look for a PMS that offers comprehensive reporting capabilities, advanced risk management tools, integration with custodians, and customizable portfolio analytics.

Other Solutions

While CRM, financial planning and portfolio management software are by far the most common tools included in a firm's tech stack, the options don't end there.

There are plenty of ways to integrate automation and digital-first solutions into your firm. Other possible fintech stack additions include the following.

- **Billing platforms:** Automate invoices, sending bill pay reminders, and collecting payments.
- **Document management:** Send and sign confidential documents safely, while eliminating the need to print, mail, or fax.
- **Data analytics:** Get a high-level overview of important data points, or zero in on client-specific information to make data-driven decisions. Access to reliable research and analytics tools is crucial for informed investment decision-making. Platforms that offer real-time market data, economic research, investment analysis tools, and portfolio performance

attribution are valuable and should integrate seamlessly with a firm's PMS to streamline the investment process.

- **Reporting and business intelligence:** Implement a reporting and business intelligence tool that provides customizable client reports, performance analysis, and key performance indicators (KPIs) for your business. Look for solutions that can consolidate data from multiple sources, automate report generation, and offer interactive dashboards for a comprehensive view of your practice's performance.
- **Communication tools:** Your team may use instant messaging platforms to communicate on the fly, video conferencing for client calls, or maybe even AI-driven voice transcribers for note-taking. Advisory firms will leverage communication tools such as email encryption, secure messaging platforms, and video conferencing software to maintain seamless and confidential communication with your clients.
- **Client Portal:** A secure client portal enhances communication and collaboration by providing clients with access to their account information, performance reports, and important documents. Look for solutions that offer a user-friendly interface, document sharing capabilities, and integration with your CRM and reporting tools.
- **Digital Document Management:** Adopt a document management system that allows for secure storage, organization, and retrieval of client documents. Consider solutions with features such as version control, document sharing, and compliance-friendly workflows to ensure the confidentiality and integrity of sensitive information.

What Should a Good Tech Stack Do For You?

As you sift through your current stack and the options available on the market today, you'll need to determine what makes something a good addition to your fintech stack.

Before diving into technology choices, take the time to assess your specific business requirements. Consider factors such as your target clientele, investment strategies, service offerings, compliance obligations, and growth objectives. This understanding will help you identify the technology solutions that align with your business goals and cater to the unique needs of your clients.

A good tech stack allows you to accomplish critical tasks, many of which we've identified above. They include client data, secure storage, financial planning, and trade securities.

You should be able to implement repeatable processes across your firm. Doing so improves efficiency and helps ensure a standardized, yet personal, experience for all clients. Repeatable processes help eliminate or reduce the opportunity for human error and make tasks easily transferable to new team members.

Not to mention, tech-driven workflows can help improve data security, provide crucial back-ups for sensitive information, and save time across the board.

Even with all of these advantages, which every advisory firm should be utilizing, most tech stacks are still missing one important component.

What Are Most Advisor Tech Stacks Missing?

The missing piece of most tech stacks is growth! Tech stacks are meant to fill the needs of a firm, while helping advisors deliver a great client experience. But, advisory teams need to keep their eye on ROI as well. While you may have people who stick around for many, many years, your firm's long-term success depends on its ability to continually attract new clients.[53]

The next generation of wealth builders is out there, and now's the time when they're looking for a financial partner to manage an inheritance, navigate their compensation package and save for the future. But as consumers grow more reliant on technology, they expect their advisory firm to offer a digital-first experience as well. They want to know they can access resources or accounts on their smartphone, connect with you virtually and still feel like they're receiving personalized service.

If you aren't dedicated a portion of your tech stack to growth, you're missing an immense opportunity to attract and retain highly qualified clients.

In other words, it's one thing to be promised time and efficiency by your tech integrations.[54] But it's another thing altogether to choose the right technology that'll actually help grow your AUM and revenue.

To achieve scalability, firms need something that gets the growth flywheel spinning. Something that turns a website into a lead-generation machine. Something that converts those prospects into ACAT form moments. And something that transforms those assets into committed clients. Wealth management firms need a growth platform behind it all. One that will be the true difference maker in your tech stack going forward, more so than any other fintech choice you'll make.

What Is a Growth Platform?

A growth platform creates firmwide alignment to drive a consistent client experience across your advisors and compliance analytics for every account. In doing so, your advisors can improve their close rate (even as high as 90%) and see more money in their paychecks, month after month.[55,56]

A growth platform acts as a sales enablement tool that aligns with a CRM, helping firms to win prospects faster, drive a personalized client experience at scale, attract and retain the best talent, and increase firmwide efficiency. Today, Nitrogen is the world's first purpose-built growth platform, designed to help firms scale and catapult independent advisors to success. Nitrogen provides advisors starting their own firms with a set of sales engagement tools and includes a proven formula for gathering and winning assets; ongoing client engagement; powerful analytics and research tools for identifying investments and constructing optimal portfolios; and light planning that illustrates the path to success through the lens of risk capacity.

With the right growth platform in your pocket, you can more effectively win new clients, retain the people you already enjoy working with, and do right by all of them. Show them upfront how you can get them into the right portfolios, specifically by demonstrating how you'll best align their true risk with what they want from their investing goals.

They say a picture's worth a thousand words, and a growth platform is an effective tool for helping clients visualize and understand the information you've already been giving them. Having a better understanding, and a visual they can refer back to time and time again, makes clients feel more confident in their decision to work with a professional advisor.

A growth platform should help you accomplish client-focused tasks like:

- Discovering the right assets to help you implement the financial plan you've created for them.
- Proposing the perfect portfolio to get them moved over to your firm.
- Automating rebalancing and client engagement over time to keep them invested appropriately.
- Ensuring they're truly invested in you and the advice you're offering.

The great news is that you're likely well on your way to having a full fintech technology stack.[57] By carefully selecting core technology components such as a portfolio management system, CRM, financial planning software, research tools, and growth platform capabilities, and prioritizing client engagement, cybersecurity, and compliance, you can create an efficient and secure technology infrastructure that supports your growth and delivers value to your clients.

Emerging Technologies: Harnessing AI in Your Firm

Will AI replace financial advisors? It's a question that's been making rounds in the wealth management industry as advancements in artificial intelligence continue at a breathtaking pace. There's an air of uncertainty, even apprehension, as we contemplate a future where advanced algorithms and AI automation hold sway. But as we delve deeper into this issue, we find a more nuanced reality.

Rather than being a harbinger of obsolescence for human advisors, AI is poised to be a powerful assistant, a tool that complements our human capabilities and enhances the overall effectiveness of financial advisors. AI doesn't herald the end of human financial advising; instead, it signals the dawn of a new era of partnership between technology and human expertise.

So, where do financial advisors start? We recommend OpenAI's ChatGPT.[58] OpenAI is a leading research organization for AI and created ChatGPT. It offers Data Analysis, including the ability to communicate complex financial data, and is helpful in training scenarios, helping wealth management professionals and their clients learn about various financial topics through interactive conversation.

Once you're ready to begin, the best use of your time will be understanding how to write prompts. Writing prompts for ChatGPT are essentially instructions or questions that guide what kind of response you want from the AI. They can be straightforward requests or more complex queries, depending on what you're aiming to achieve.

When crafting a prompt, clarity is key. Make sure your instruction or question is well-defined so that the AI can generate a useful and relevant response. For best results, provide as much context as you can to guide the AI's response.

Here are a few prompts financial advisors could use with ChatGPT-4 to help them in their roles:

- "What are the key financial considerations when starting a small business?"
- "Create a brief summary of the impact of rising inflation rates on a balanced investment portfolio."
- "Write an email to a client explaining the advantages and disadvantages of investing in index funds."
- "Outline a strategy for diversifying an investment portfolio to limit international exposure."
- "How would economic indicators like GDP, inflation, and unemployment rates impact the bond market?"
- "Draft a retirement savings guide for a client in their 50s who started saving late."
- "Generate an analysis of the potential impacts of the current tax legislation changes on a high-income earner."
- "What are some financial planning strategies for individuals approaching retirement during an economic downturn?"
- "Create a simple explanation of dollar-cost averaging for a new investor."
- "Write a script for a meeting with a client to discuss their portfolio's underperformance."
- "How to structure a 529 college savings plan for a client with a newborn baby?"

These prompts are just the beginning, and this is an area to unleash your creativity.

If you're looking for a way to seamlessly introduce AI into your firm, we recommend starting with Nitrogen AI, available in the Nitrogen Marketing Kit.[59] It is a leading AI tool for financial advisors and in practical terms, here's what Nitrogen AI can do for wealth management firms:

Client Communication

- **Email Drafting:** Nitrogen AI can help financial advisors draft responses or create first drafts of emails to clients, answering routine queries or providing regular updates.
- **Report Writing:** Nitrogen AI can assist in writing parts of financial reports, such as the summarization of data or initial drafting of analytical findings.
- **Preparing Meeting Agendas:** Use Nitrogen AI to help create structured meeting agendas, keeping discussions focused and productive. This is a leading use case with AI for financial advisors.
- **FAQs:** Nitrogen AI can be used to compile Frequently Asked Questions (FAQs) for clients, saving time for the advisors.

Content Generation

- **Blog Posts:** Nitrogen AI can generate outlines or even full drafts of blog posts on a variety of financial topics, helping to maintain an active online presence.
- **Newsletters:** Use Nitrogen AI to create engaging newsletters, providing clients with

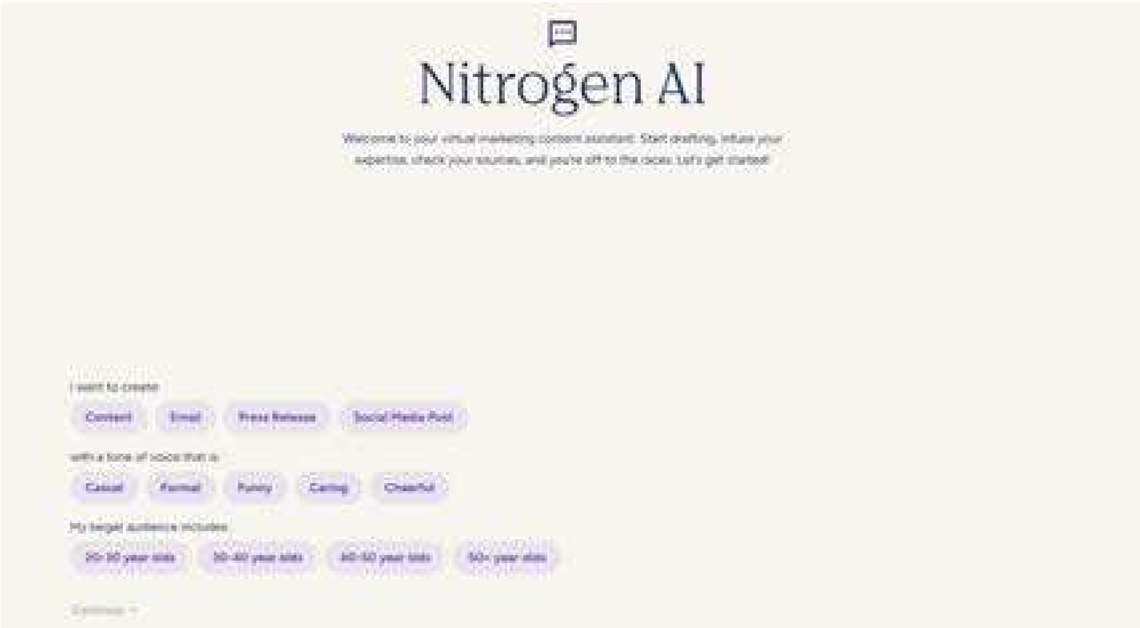
updates on financial news, the performance of their investments, or changes in the financial landscape. This speeds up what used to take hours and is an effective client communication tool.

- **Social Media Content:** Nitrogen AI can help draft informative and engaging social media posts for financial planners to reach a broader audience.
- **Whitepapers:** While more complex, you can use Nitrogen AI to help create initial drafts or outlines of whitepapers, providing in-depth information on specific financial topics.

Research

- **Concept Summaries:** Use Nitrogen AI to summarize and explain complex financial concepts in an easily understandable format.
- **News Updates:** Nitrogen AI can generate summaries of financial news articles, keeping advisors updated on the latest industry developments.

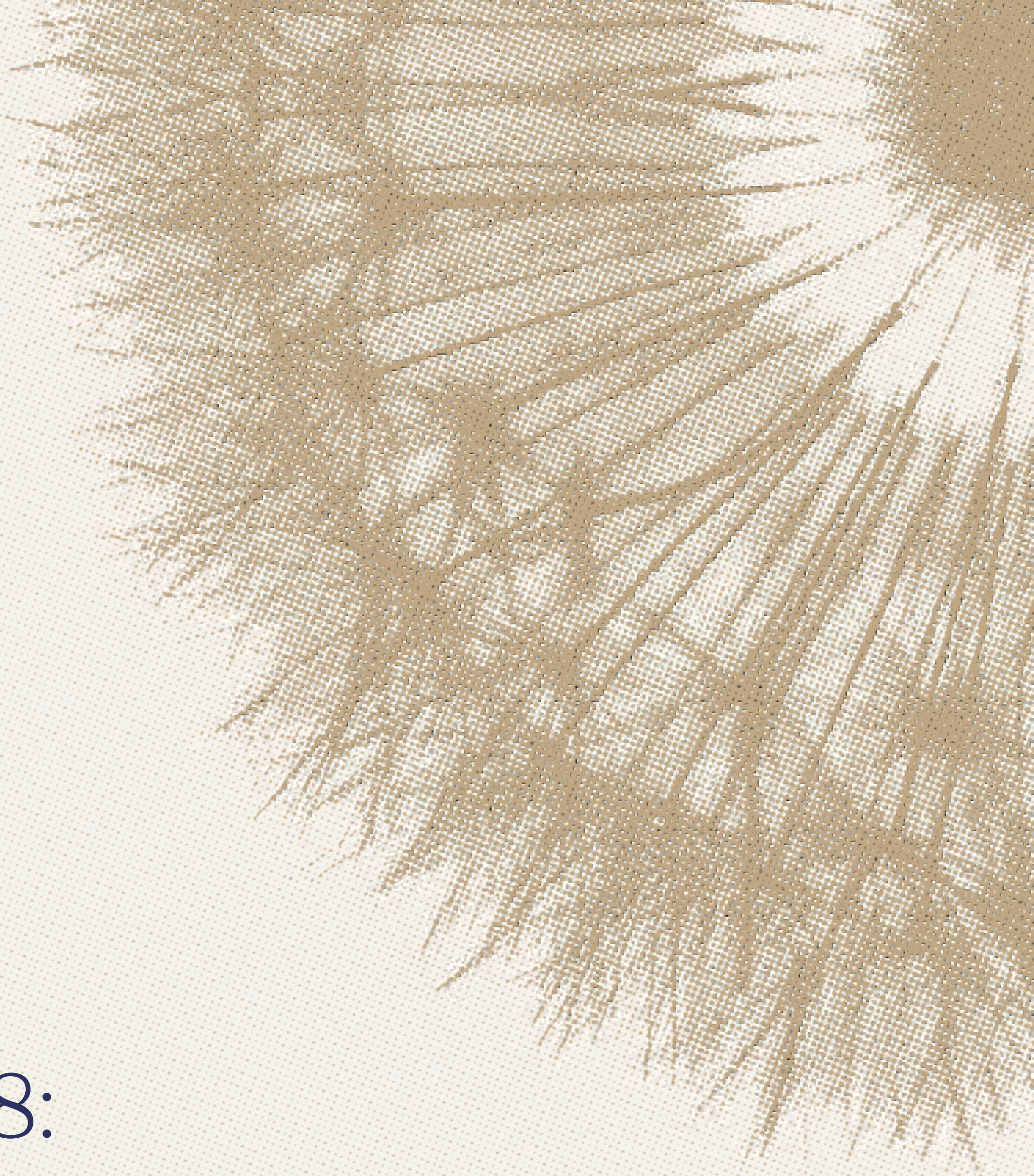
Remember, while Nitrogen AI can provide excellent information, and the tool wrote this post, it should be used in conjunction with human intelligence and industry-specific expertise. AI doesn't replace the need for human financial advisors but can complement their work and enhance their effectiveness.



Chapter 7 Key Points

In this chapter, we outlined the crucial components of a wealth tech stack, including the cutting-edge tools that hyper-growth firms are using to get ahead.

- The right tech tools help to accelerate your firm's growth goals.
- You can optimize your CRM and implement automatic workflows, to transorm it into a lead and client nurturing machine.
- When it comes to financial planning software, the best solutions provide goal tracking, tax optimization, and integration capabilities with your CRM and portfolio management system.
- When advisors incorporate portfolio management tools into their tech stack, they can leverage powerful resources and formulas that far exceed what's been traditionally available to small- and medium-sized RIA firms.
- What is the missing piece of most tech stacks? It's a growth platform!
- A growth platform acts as a sales enablement tool that aligns with a CRM, helping firms to win prospects faster, drive a personalized client experience at scale, attract and retain the best talent, and increase firmwide efficiency.
- It's critical to be aware of and harness the power of emerging technologies like Generative AI.
- AI is poised to be a powerful assistant, that complements human capabilities and enhances the overall effectiveness of financial advisors.
- You can start using AI today, with the prompts included in this chapter.



Chapter 8:

Regulatory Compliance and Risk Management

In 2022, the Securities and Exchange Commission (SEC) issued 760 enforcement actions and recovered over $6.4 billion in penalties (a new record for the Commission).[60] It's worth noting that this was a 6.5% increase over filed enforcement actions in 2021, indicating that the SEC is and will continue to crack down on compliance violations.

Between client relationships, business development activities, and everything else that you have to manage at an RIA, it's tempting to put compliance on the back burner, especially if your team is relatively small. But as recent actions and evolving requirements show, the SEC does not shy away from relying on both new and longstanding rules to protect individual investors from bad actors—or negligent ones.

Compliance might feel like it's standing in the way of your firm's growth goals—taking your time, energy, and capital away from other initiatives. But rest assured that when compliance is considered and addressed thoughtfully, it can help you run a more efficient, profitable, and scalable practice.

Understanding the Regulatory Landscape

The regulatory landscape is vast, but there are a few core areas of focus that could impact your firm's growth initiatives over the coming years. Gaining a better grasp on these particular issues now is critical to staying ahead of the regulatory curve and scaling your firm's operations effectively.

Cybersecurity

Nearly half (47%) of adults in the U.S. have had their personal information exposed by a cyber-criminal.[61] Just as quickly as new technology gets introduced into our daily lives, cyber-criminals find ways to exploit it for financial gain.

As the financial services industry continues to embrace tech as a way to improve the client experience and automate operations, wealth professionals need to be vigilant and protective over sensitive client data.

Concern over potential cyber attacks and security breaches has grown, and the SEC is serious about improving its oversight capabilities and response times to cybersecurity incidents.

In 2023, the SEC adopted a new ruling requiring "disclosure of material cybersecurity incidents on Form 8-K and periodic disclosure of a registrant's cybersecurity risk management, strategy, and governance in annual reports."[62]

They identified a number of factors that have increased cybersecurity risks in the financial services industry, such as:[63]

- Digitizing operations within a firm
- The popularity of remote work
- Growing ability for scam monetization
- Adoption of digital payments
- Reliance on third-party IT service providers

Not only is it a good idea for advisors to incorporate cybersecurity risk management and recordkeeping into their firms as a business protection measure, it's required by the SEC.

Considering almost every aspect of your firm is touched by technology, you'll need to consider carefully how your cybersecurity policies can scale as your firm grows.

Trust is the cornerstone of every client-advisor relationship. Creating scalable and thorough cybersecurity policies not only protects your firm from a data breach or cyberattack but also protects the trust your client has in your ability to keep their sensitive information safe.

ESG

With its lack of hard lines and concrete definitions, ESG (environmental, social, and governance) investing carries with it some uncertainty and skepticism by financial professionals, institutions, and regulators.

On one hand, ESG is a fairly straightforward concept. It allows investors to align their wealth with companies or entities that are consciously working to create a world that is in sync with the investor's values. This could mean taking active measures to reduce their carbon footprint and environmental impact, paying livable wages to workers in other countries, or committing to diversity in leadership.

The problem is that ESG criteria are not universally defined and vary widely. Some professionals or companies have taken advantage of investor interest in ESG by claiming facts or practices that aren't true.[64]

With false claims of ESG practices on the rise, both state governments and the SEC are working to combat these concerns.

The SEC, for example, has created a Climate and ESG Task Force, which has already taken enforcement action against a number of ESG-related incidents such as:

- Advisors failing to follow firm ESG policies and procedures
- Companies misleading investors on ESG practices
- Companies making false statements about ESG to investors
- Fraudulent or fake companies claiming to be environmentally friendly

Even as large institutions like BlackRock champion ESG as a part of their investment strategy, anti-ESG sentiment also continues to grow. Some argue that using ESG criteria to inform investment and business decisions threatens potential investment returns. Rather than focus on non-monetary factors (like environmental impact), financial professionals and corporations have a responsibility to make decisions based solely on financial factors, argue proponents of anti-ESG legislation.

Due to recent legislative changes, some states have been successful in passing laws that "limit or prohibit the consideration of ESG factors in the investment of state funds."[65] These states include Florida, Alabama, Arkansas, Indiana, Kansas, Kentucky, Idaho, Montana, New Hampshire, North Dakota, and Utah.

As an advisor, you may have clients who wish to align their investments with their values. But, as recent hurdles indicate, it can be difficult to navigate the current landscape and find comprehensive or objective ESG ratings for companies. It's important now more than ever to maintain a close eye on laws and regulations regarding ESG criteria and investing.

Interest among investors remains high despite regulatory challenges, which means more rulings are likely to come out in the coming years.

Oversight of Outsourced Partners

In the SEC's proposed 206(4)-11 ruling, also referred to as the outsourcing rule, advisory firms would be required to conduct a thorough due diligence process and ongoing monitoring of certain third-party partners.[66]

By requiring more robust vendor research and oversight, the SEC hopes to reduce the number of issues related to advisor outsourcing caused by a lack of advisor oversight. Failing to both thoroughly vet and diligently monitor a vendor could cause harm to a client by compromising their personal information.

Outsourced partners, by the SEC's definition, could include those who are "providing investment guidelines, portfolio management, models related to investment advice, indexes, or trading services or software."[67]

As with other ongoing regulatory changes, this proposed ruling has the potential to greatly impact an advisory firm's workflow and capacity. Smaller firms especially may feel the burden of these additional responsibilities, considering they have fewer team members available to help manage new responsibilities. It's possible a regulatory change this significant could force advisors to bring certain services (like those we outlined above) back in-house, as opposed to continuing to outsource them.

"New" Marketing Rule

The SEC Marketing Rule 206(4)-1 may not be so "new" anymore.[68] But considering it stayed relatively the same between 1961 and 2020, many advisors are still wrapping their heads around this recent heavy lift.

The new rule accounts for changes in technology and redefines an advisor's parameters for advertising. One of its most talked about changes is the ability for advisors to use testimonials and endorsements in advertising.

Testimonials: Advisors can now solicit testimonials and reviews from their current and previous clients. As long as they follow certain requirements and provide proper disclosures, advisors can use these testimonials in advertisements or content (such as on their website).

Endorsements: An advisor can seek out an endorsement from individuals or businesses who are not clients. When doing so, they'll again need to follow certain requirements and provide proper disclosures when sharing the endorsement publicly.

Though the ruling went into effect in 2022, advisors by and large have been hesitant to embrace it. It appears that most smaller firms are waiting for large organizations and institutions to test the limits of what the SEC will and won't allow.

Jumping headfirst into new marketing strategies is intimidating, but keep in mind that these recent changes present a tremendous opportunity for advisors. Incorporating testimonials and endorsements opens the door to more creative marketing, and it can help advisors attract more qualified clients with their advertising.

Building a Culture of Compliance

It's half the battle to stay on top of regulatory changes. But to truly follow through with firmwide compliance, your entire team of advisors and employees need to buy into your regulatory processes and standards.

Teach your team to be proactive

Firmwide compliance is only possible when you take a proactive approach with your policies and procedures, rather than try to react to issues as they occur. From your most senior advisor to your summer intern, every single person needs to be informed of your compliance processes and re-trained regularly.

While most team members would rather dedicate their time and energy to serving clients, remind them that compliance is just as much about protecting a client's best interests as it is avoiding audits and fines. Encourage your firm leaders to treat compliance training as a priority rather than an afterthought or "requirement" that needs to be checked off the to-do list.

It may be tempting to only discuss compliance processes during new hire orientation, but that's not enough. New rulings are passed regularly, and the longer someone works in your office, the more complacent they tend to get. Include mandatory training sessions on the schedule regularly, and make your written policies and procedures easily accessible to every employee.

Full buy-in from the entire team is essential to ensuring everyone takes your compliance processes seriously.

A culture of compliance is a client-first culture

It can't be emphasized enough: For the fiduciary advisor, compliance is a reflection of your client-first culture. A focus on compliance doesn't take focus away from the client. Just the opposite—it ensures you're prioritizing your clients' best interests over everything else.

Advisory firms who truly put the best interests of their clients first have their security measures and compliance priorities in check. They're staying up-to-date on evolving regulations, maintaining thorough and accurate recordkeeping, regularly reminding advisors of compliance protocols, and following the proper measures when an incident occurs.

Mitigating Financial and Operational Risks

As your firm continues to grow, there are three key ways to reduce risks in your day-to-day operations.

Choose trusted partners

Most firms don't have the capacity to keep all aspects of their operations in-house. Instead, they maintain a slim and nimble team by relying on the expertise of outside partners, like industry consultants and software vendors.

Whether it's a tax consultant or portfolio management platform, the people and businesses you choose to align your firm with must be thoroughly vetted and monitored regularly. Consider these third parties as an extension of your firm. Whether they're client-facing or not, you're using their resources or insights to serve your clients — meaning you should be comfortable trusting them implicitly.

It's especially important to trust the integrity and abilities of your vendors when client data or personal information is involved. Consider if a data breach happened to one of your vendors because they didn't follow cybersecurity best practices. If your clients' personal information is compromised, it looks bad on you (even if the cyberattack happened to your vendor, not you). You allowed that third-party company to have access to your clients' information. Therefore, you have some responsibility in the matter and may lose the trust of your clients and possibly face regulatory action.

If a third party handles sensitive data, they must conform to or exceed the same high standards you hold for your own practice and employees.

Leverage technology

Technology geared toward the financial services industry has made leaps and bounds in recent years. Infused with AI capabilities and advanced automation, having the right tech platform can make all the difference for your team. When used effectively, technology can help you stay proactive with your compliance practices and get ahead of any potential problems.

It's never been easier to identify and resolve compliance concerns, thanks to the continuous evolution of regulatory technology (RegTech).

Some portfolio management software can, for instance, identify when a client's accounts are falling out of their risk tolerance or allocation range. Advisors are then alerted to rebalance accordingly.

Other platforms can help track potential conflicts of interest, such as employee trading activity.

When you leverage the right tech solutions, it makes meeting your regulatory needs simpler to manage—especially if you don't have a team of in-house compliance specialists to rely on.

Train your team

It goes without saying that mitigating risks and avoiding compliance violations is only possible through comprehensive and ongoing training. A training plan is necessary for keeping your firm compliant, and you should already have one in place.

As a reminder, here are a few best practices when it comes to training your team on compliance procedures:

Incorporate technology: RegTech offers RIA firms additional support when it comes to establishing and monitoring compliance processes. Leverage the information from these platforms to stay informed on changing requirements without adding more work to your compliance officer's plate.

Put compliance review on the calendar: Create an annual calendar event for every member of your team, and make it clear that this training is mandatory. Putting a recurring event on the calendar makes sure you're treating compliance as a priority, not an option.

Review recent events: If you've had a compliance violation occur at your firm, or if you can find examples of recent violations in the news, be sure to share these real-world examples with your team members. It may be easier for your employees to take their responsibilities seriously when they see compliance processes working in action.

Make compliance procedures easily accessible: Your firm's compliance policies should be documented thoroughly and updated regularly. Make sure everyone on your team understands where to find the most up-to-date version of your compliance policies at any time. Review this information and how they can find it in the future together during your annual training.

Compliance and Growth

Using the right RegTech tools in your tech stack can help make compliance processes more efficient while also saving your team time and your firm money.

Look for comprehensive software tools designed to empower advisors, team leaders, and compliance personnel in establishing and overseeing compliant operations. A suite of regulatory-focused services can help your firm keep compliance on track while scaling your book of business.

With these factors in mind, your firm also has the ability to align your compliance efforts with your goals for growth.[69] How? By turning clunky, manual compliance procedures into a lean, mean, firmwide compliance machine. From landing highly qualified leads to retaining happy clients, the right RegTech tools help advisors create a superior client experience at every stage and become an additional source of fuel for growth.

Chapter 8 Key Points

This chapter is all about understanding the regulatory landscape, and building a culture of compliance that exists at ever level of your organization.

- When your firm's compliance process is considered and addressed thoughtfully, it can help you run a more efficient, profitable, and scalable practice.
- In 2023, the SEC adopted a new ruling requiring firms to disclose cybersecurity incidents to clients as well as their risk management, strategy, and governance strategy for addressing cybersecurity concerns in an annual report.
- Even as large institutions champion ESG as a part of their investment strategy, anti-ESG sentiment continues to grow, and advisors need to track state legislation carefully.
- If the SEC's proposed outsourcing rule passes, advisory firms will be required to conduct a thorough due diligence process and ongoing monitoring of certain third-party partners.
- The "new" marketing rule presents a tremendous opportunity for advisors, though many have been slow to adopt these changes.
- Firmwide compliance is only possible when you take a proactive approach with your policies and procedures. Every person on your team needs to be informed of your compliance processes and re-trained regularly.
- Advisory firms who truly put the best interests of their clients first have their security measures and compliance priorities in check.
- Leveraging the right tech solutions makes meeting your regulatory needs simpler to manage.

Chapter 9:

Financial Planning and Management Growth

Once you've implemented the compliance processes discussed in Chapter 8 that set the stage for compliant hypergrowth, the next stage of planning should see you continuing to step back and continue to work on your business rather than in it.

Planning for hypergrowth begins with an honest assessment of your revenue and capabilities to leverage growth strategies and whether or not you have the capacity to grow with the resources you have in place. The old adage "you have to spend money to make money" may not necessarily be true, but you do need to budget for the next phase of your vision.

Growing firms will need to have appropriate budgets for both expected and unexpected costs, as well as training programs and the right tech to boot. Let's explore each of these in more depth.

Budgeting for Growth

Firms have an easy time being told "what" to do to grow – but most industry advice leaves out room to talk about how to pay for any of it. Investing in new tools, acquiring talent, and learning new processes aren't just time-consuming; they require funding.

And while the cost of software is easy to find – most tech solutions list their prices right on their websites – there are other associated and hidden costs that are much less obvious. Think about the time and costs it will take to transfer all existing data to a new software. You'll then need to update all compliance documentation to reflect your new systems.

And even though you're sunsetting old systems, you'll still need access to records and data recorded therein through an archival process. There's also new training regimens to develop and implement and initiatives to communicate any relevant changes to clients. Over time, these tertiary expenses can hinder growth as profit margins get squeezed.

If your firm is expecting an upcoming growth phase, it's important to consider how your organization will be affected and plan accordingly for new staff, training, and more.

Growing and hiring new staff

For most firms, adding assets under management (AUM) also means adding new staff to help support the growing workload. When estimating hiring costs, consider whether or not you'll need to work with a third-party recruiter or if you have the bandwidth to promote job postings yourself.

If you do choose to promote the job posting yourself, you'll also need to carve out time to sift through resumés and connect with applicants.

It's a good idea to factor in the time costs of the interview process as well. If you'll be spending a week conducting interviews, that will likely cut into your overall productivity. (For reference, LinkedIn reports the average hiring process lasts three to six weeks).[70]

Business News Daily reports that the average cost to hire a new employee sits at about $4,000 – although this can vary widely depending on the industry and role needing filled.[71] That number encompasses costs related to:

- HR teams
- External recruiters
- Job postings

- Candidate screening
- Background checks
- Compensation
- Training
- Corporate equipment and credentials
- Referrals

The Cost of a Bad Hire

It's worth noting that even if your firm does everything correctly, it may not work out with your chosen candidate. In fact, Harvard Business Review states that "only 19% of new hires are considered fully successful," and nearly half are "deemed failures by the 18-month mark."[72]

In the event that your new hire doesn't work out, you'll need to start over again (with additional time and recruiting costs). If you only have $6,000 set aside for hiring for a particular position, and the chosen hire is a no-go, you might not have enough cash on hand to find the right-fit individual for the role.

Investing in training

New hire training is the most critical part of employee retention. In fact, one recent report shows that "a good onboarding program leads to 69% of employees staying at least three years."[73] You have to start on the right path with all the basics of your firm's operations and then build from there.

And even though it can be costly and time-consuming, ongoing training is an unavoidable requirement for RIA firms – it allows them to be proactive and mitigate potential compliance risks before they become a problem. As we stated in chapter eight, firms focused on growing will need to get serious training and treat it as a priority year-round.

Purchasing new technology

As you build a modern advisory firm equipped to withstand competition and economic changes, there's one key area where you always need to stay updated, and you can find it right on your computer's list of applications or bookmarks in your browser. The ten-year-old tech that can't accommodate a changing financial landscape is the fastest way to fall behind on the growth wheel.

Instead of remaining complacent with software choices, technology should be an ongoing evaluation for your firm. The most successful firms pay attention to where their current tech is both exceeding expectations and falling short. Then, they actively search for what new tools are available to fill in those gaps.

Make space within your budget each year for these tech evaluations. That money could be used to upgrade to new tech solutions or to better learn your current software systems. In fact, many software partners for RIAs have user conferences where you can get hands-on training and maximize your investment!

Additionally, create a plan for understanding the return on investment (ROI) of the tech you choose to use. If anything isn't living up to the cost, it's a red flag to reassess.

Gathering Feedback

Technology is involved at every level of your firm. From administrative staff organizing records and sending birthday cards to clients receiving newsletters and your advisors planning out portfolios, everyone is affected by the technology you're using. That's why it's important to gather feedback from those individuals so your executive decision-makers are aware of any hiccups that staff or clients are experiencing.

It may be a good idea to send out a questionnaire or invite feedback both to staff and clients throughout the year or as new tech is rolled out.

Unexpected growth funds

Just as individuals put aside money for those rainy days, savvy advisory businesses also need to budget for unexpected opportunities (and challenges) they may encounter.

Imagine this scenario: You're not on the lookout to actively expand your firm, but a close friend and fellow RIA-owner is looking to retire early and sell their firm. Your company cultures and values align well, and you think this could be a great opportunity to grow your practice. With an unexpected growth fund in your back pocket, you're able to capitalize on this new and exciting opportunity without straining your firm's capital – or personal wealth.

Similarly, this type of "growth fund" can help cover new challenges. Employees leave, economies change, and the terms of your lease can change – having money earmarked for these situations will help prevent any long-term setbacks for your firm and keep you on track for growth.

Monitoring for Optimizing Financial Performance

Just as you need to budget and plan for growth within the business side of your organization, you also need to have processes in place to equip your clients for growth in their personal lives. The more support clients receive on their path to growth, the more your firm benefits.

The services you offer stand as a testament to your team's expertise, serving as a pivotal tool in exhibiting your capabilities and driving further organic growth (and thus, revenue). However, a critical question emerges: How can this value be quantified and effectively conveyed to both clients and prospects?

The answer likely lies in how well you use your technology to influence your ongoing financial advice and take a proactive approach to relationships.

The right technology is one of the most important ways to keep track of investments, monthly savings, retirement year plans, and overall client sentiment about where they stand and how comfortable they feel. With that data in hand, you're equipped to show them their probability of success at a moment's notice.

Risk Capacity

Note that ongoing financial performance monitoring should lean on risk capacity as its central measuring factor. By monitoring risk capacity, your firm can then align that capacity with the necessary tolerance to reach each individual's stated goals. Without this alignment, goals and monitoring performance will be difficult.

You will also want to capture held-away assets so you can provide fully comprehensive financial performance reviews that include everything in your clients' financial lives. With 100% insights into their full picture, your recommendations can be grounded – and further optimized with the technology you use.

Preparing for Future Economic Uncertainty

Economic uncertainty will always be with us. We may have a ten year bull market as a buffer, but even when the economy is booming and clients feel confident in their portfolios, at some point there will be a correction – that's just the ebb and flow of globally connected markets.

As an advisor, it's your role to prepare for the inevitable and stay proactive in keeping clients confident in their individual plans, regardless of the headlines swirling around them – but how do you handle such a monumental task?

There are three key ways to help clients handle and prepare for uncertainty in the future so they can feel peace even when things don't go to plan.

1. Align Risk Tolerance with Risk Capacity

First, you must determine how much risk clients need to take to reach their goals. With the Risk Number®, it's easy to align clients around an objective visualization of how their risk capacity will impact their future possibilities.

What's a Risk Number?

The Risk Number® is a numerical value between 1-99 that uses a Nobel-prize-winning scientific framework. It replaces terms like "moderate" and "aggressive" that are typically used in portfolio risk lingo, thus offering clarity to advisors and investors alike.

The number offers a specific way of communicating risk tolerance to clients through a simple-to-understand system that considers both risk and potential return. With a quick questionnaire, you can identify their specific risk tolerance early in the client-advisor relationship.

2. Illustrate Success Visually

Talking about numbers aloud often isn't enough for clients to effectively visualize their plan. To combat this, advisors can employ visual elements. From color-coded risk tolerance charts to retirement maps, visually plotting out your client's major life moments can be a game-changer – and show just how much of an impact their financial plan can have.

3. Keep the Conversations Proactive

Equipping clients to be fearless, even when the short term is volatile, starts with good communication that continues after the initial conversations. Here are a few tips to keep in mind as you interact with clients:

Check in often: Lack of communication is one the major reasons clients end up leaving their advisor in search of new service.[74] Check-in often, gauge sentiment, and be the first to reach out when you see shifts that might impact a client's emotional state.

Offer relevant content: When reaching out, it's also a great time to offer up relevant resources and content to your clients. For example, if tax day is quickly approaching, you can send out an email with helpful blogs on the benefits of tax planning. Likewise, clients nearing retirement might be looking for resources on how to best ease into their new lifestyle.

The Importance of Segmentation
Relevant content begins with understanding your client base, which may be greatly varied. The young professional just starting their family will have different goals, needs, and mindsets around financial planning than the middle-aged divorcée. It's a good idea to invest in CRM software that allows you to easily input information about your clients and sort as needed.

Remember that money is emotional: Advisors would do well to remember that money is emotional, and a large part of your role as a financial advisor is to act as the psychological guide for clients' views about their financial state. Communication – both internally and externally – will be a key driver for firms successfully achieving hypergrowth.

Chapter 9 Key Points

In this chapter, we covered financial planning and management for growth, including training, implementing new technology, and communicating with clients.

- Growing firms need to plan for both expected and unexpected costs, including investments in new tools, talent acquisition, and training programs. Unplanned expenses can hinder growth and squeeze profit margins.
- As firms grow, they often need to hire new staff to support the increasing workload. Consider the costs of hiring, including time spent on the interview process, and be prepared for the possibility of a bad hire.
- Ongoing training helps firms proactively address compliance risks and should be treated as a priority throughout the year.
- Regularly evaluating and updating technology helps firms to keep up with the changing financial landscape.
- Unexpected growth funds can prepare firms for unexpected opportunities and challenges that may arise.
- Economic uncertainty is inevitable, and advisors should prepare clients for it. Align risk tolerance with risk capacity, use visual elements to illustrate success, and maintain proactive communication with clients.
- It's important to recognize that money is emotional for clients, and part of the advisor's role is to act as a psychological guide.
- Effective communication, both internally and externally, is crucial for achieving hypergrowth.

Chapter 10:

Mergers and Acquisitions for Growth

As the wealth management industry navigates changes driven by shifting demographics, technology innovation, and market demands, understanding the intricacies of M&A for advisory firms becomes vital for any RIA owners seeking growth, business transformation, or a strategic exit.

With M&A activity on the rise for the last decade, this chapter explores the factors driving this trend, the key players shaping the field, and the strategies essential for ensuring successful transitions.

Understanding the M&A Landscape in Wealth Management

M&A activity in the wealth management industry has been rising consistently for years now, reaching new highs for ten years straight. In 2022 alone,[75] a record 340 M&A deals were closed. But the question remains – is this the new normal, or are we reaching the end of an M&A era, where deals may begin to level off?

That question becomes even more pertinent knowing that the total dollar value of those deals may be decreasing. At least one recent study reports that total deal volume is projected to grow by 13 percent; however, the value of the average deal will drop by 42 percent from previous years.[76]

The statistics seem to say that even though the total number of firms being acquired is ever-increasing, the amount of money exchanging hands isn't keeping pace. Whether that is because more of the firms being acquired are smaller to mid-size RIAs, or because the overall economy is leading to lower EBITDA valuations, isn't clear.

The Role of Private Equity

Private equity (PE) has long had a foothold in financial technology, as well as in the solutions providers who create support ecosystems for financial advisors.

However, PE is taking an increasing interest in advisors themselves, and its voice has been heard loud and clear in recent years. In fact, one recent study from Echelon showed that 70% of deals had some kind of PE backing attached to them in 2022.[77]

Another Contributing Factor: Age

Aside from private equity interest and a desire to aggregate firms with higher AUM, what else is driving M&A growth?

The age of the advisors involved might have a significant impact. The average age of an advisor is reported to be north of 50 years, with nearly one-third expecting to retire within the next decade.[78] For many firms, that puts a priority on succession planning and opens the doors to possible M&A activity – who will take over ownership once you step away?

Without a clear direction on a successor, selling is often the only viable option for an RIA owner who has put their life into building their business. Still, the prospect of M&A leaves many question marks for firm owners: How do they evaluate potential buyers? What factors are most important in firm valuations? How can you best position your firm's M&A to keep clients happy during the transition?

Evaluating Potential Acquisitions

When evaluating a potential acquisition, there are two main factors (among others) that you'll need to consider: the average age of their client roster, as well as technology adoption capabilities.

Age of client roster

While there is a lot of talk surrounding advisor age, you also have to consider the average client age within the firm you're hoping to acquire.
Due to AUM billing structures, many firms have incredibly stable, recurring revenue that leads to high valuations. However, the average age of an advisor's client sits at 64 years old – which can complicate things.[79]

On one hand, clients at that age may provide more stability of revenue – they're long established in their careers and have had time to accumulate wealth.

On the other hand, that average age also speaks to the possibility of losing a large chunk of AUM as clients all reach mortality at similar times.

It's a challenge to consider before moving forward with an M&A – is your firm equipped to effectively bring in younger generations of existing clients during the ongoing "Great Wealth Transfer?" Do you have a plan in place for acquiring younger clients in an effort to lower or retain that average age?

Technology adoption

Did you know that more than 70% of wealth firms believe technology is necessary and a driver of innovation?[80] The reverse of that statistic may be even more startling, as it suggests that 30% of firms – nearly one in three – don't value technology as a necessity.

Even though client relationships form the foundation of your firm's success, technology is the enabler of that success, allowing you to operate more efficiently and expand your suite of services.

Firms that utilize and deploy technology more effectively are more valuable than those without tech-enabled processes, who are typically much more manually focused. With an overreliance on such manual systems, firms leave room for inefficiency and error during onboarding processes, regular client communication, portfolio rebalancing, and more.

By acquiring firms who primarily run on manual systems and processes, your own firm will have to take on the cost of implementation and training, while slowing down your overall M&A timeline. If your new staff have little to no experience with the advisor technology that the acquiring firm will want them to use, that could also impact talent retention amid the transition.

On the flip side, a firm that already uses much of the same technology as your firm will make the process less burdensome as you transition data and retrain employees.

The Cost of Data Conversions

Another roadblock to consider in M&A situations is that the firm you're acquiring may have data stored in different forms than your current RIA uses.

Transitioning that data from one tech platform to another can be burdensome in terms of both effort and costs – even if you're just switching new clients into your CRMs. This process of transforming data from one format into another is often referred to as "data conversion."

While often necessary in M&As, the process of data transformation also opens your firm up to potential data loss and large expenses.

There's no hard-and-fast number for what your specific data conversion will cost, but we can look at some general statistics to get an idea of your road ahead. For example, one data architect and conversion service company estimate that "the cost of a data conversion project with internal resources ranges from $200,000 – $250,000 per TB over 12-18 months."[81] However, they also point out that outsourcing data conversion can lower costs significantly through the use of a third-party conversion servicer.

Ensuring a Successful M&A Process

Once you've found the right M&A partner, there are several steps you can take to ensure a successful transition for your internal team, existing clients, and new book of business.

We've broken down these steps into the three following categories: Before the M&A process, during the M&A deal, and after the exchange is complete.

Before the M&A Process Begins

Prior to kicking off the transition process, it's a good idea to take a look at your talent development plan, client experiences, and more.

Talent development

On the buyer side of things, it's important to keep in mind that you're not just purchasing another RIA; you're also acquiring its people. To help ensure the process goes smoothly, you'll need a standardized process in place for assimilating the "new" hires and developing them with your processes.

If you're looking to sell your own firm, talent development is equally important in that you need to position your firm for the highest valuation possible. The more knowledgeable (and trainable) your staff, the better.

Stepping away from the plate
Note that as an owner, having less day-to-day involvement in your business can help your valuation – buyers want to know that the firm can function even without you present around the clock. If you find yourself regularly taking over tasks for your employees, it's time to train (or hire) staff who can run your business without you before you decide it's time to sell and step away.

Technology, processes, and client experience
If you are a firm looking to sell, it's important to position your firm in a way that highlights your value as much as possible. That means having your tech, customer experience (CX), and operational processes locked in.

Established processes can make you more attractive to potential buyer firms who want to see that your organization is capable of navigating change. It shows that your firm's successes are independent of each individual team member's knowledge set.

Organic growth
It's probably no surprise that high organic growth is a signal of a healthy, thriving business – it shows that clients are happy with their service and are likely spreading the word. Regardless of which side of the M&A you're on, it's important to look at organic growth metrics as an indicator of firm performance.

Maximizing referrals, inbound leads, and other organic growth methods should be a major factor in making sure your firm is valuable to acquiring partners – and it's also something that buyers will want to have on their radar.

During the M&A Process

Once the M&A process has begun, there are a few things you'll need to prioritize.

Firstly, be sure that the non-disclosure agreement (NDA) is signed at the beginning of the process before any information is exchanged. An NDA prevents either company from disclosing sensitive information or using such information to market/sell against the other firm. Legal requirements should be first on your list at this stage in the M&A process, as they protect your firm from competitors positioning themselves as buyers just to get a closer look at your business.

Next, you'll want to know your numbers inside and out. Whichever side of the deal you're on, familiarity with the valuation methods and metrics available helps ensure you don't under or overvalue a company. That becomes especially pertinent as the endless documents and signatures get underway, and the idea of speeding up the process becomes more and more appealing!

After the M&A Process

A Seller's Perspective
Depending on the deal's specifics, selling your firm might not be the last step in the process. If you're the seller, you may be required to stay involved for some

length of time to help with the transition. However, if that requirement wasn't established beforehand, you might be able to step away immediately.

Note: If you're a buyer and you're expecting the previous owner to stick around and help after signing the dotted line, it's best to get that ironed out early on to ensure everyone's on the same page.

Regardless of how quickly the transition goes, it's important to prioritize your health and well-being during this time. Many RIA owners spend years, if not decades, building their RIA, and it's very heavily intertwined with their personal identity. To combat any "withdrawal," it's a good idea to have mapped out a plan for what the next stage of your life may look like.

After Acquiring a Firm

If you're the acquirer, the "after" portion is when the real work begins as you start to meld cultures together and get all teams and clients on the same page. At this point, a strong and consistent CX is incredibly important for maintaining clients from the acquired firm.

Additionally, making a concerted effort to welcome retained employees and train them with an attitude of "different, not necessarily better" can go a long way to establishing trust and equity with new team members.

With the right preparation and solid understanding of your financial capabilities, M&A can either be an important part of your firm's growth strategy or pave the way to the right exit strategy when you're an owner looking to step out of daily running your business.

Chapter 10 Key Points

In this chapter, we explored M&A trends and how both buyers and sellers can approach M&As to maximize profit and ensure smooth transitions.

- M&A activity in wealth management has been consistently rising, with a record 340 deals closed in 2022.
- Private equity (PE) is gaining interest in financial advisory firms, with 70% of M&A deals having PE backing in 2022.
- The aging advisor population, with an average age over 50, drives M&A growth as succession planning becomes crucial.
- When evaluating acquisitions, consider the average age of the target firm's client roster and their technology adoption capabilities.
- Technology is a significant driver of innovation, and firms with effective technology adoption are more valuable in M&A.
- Successful M&A involves standardized talent development, streamlined processes, and a focus on client experience.
- Reducing owner involvement in day-to-day operations can increase firm valuation and help prepare your firm for a smoother transition to new ownership.
- Organic growth indicators play a vital role in

gauging firm health and attractiveness in M&A.

- During the M&A process, prioritize legal requirements and maintain a thorough understanding of firm valuation metrics.
- After acquiring a firm, merging cultures and maintaining a consistent client experience are essential.
- Welcoming and training retained employees with respect establishes trust and equity in the new team.

Chapter 11:

Measuring Success and Ensuring Continuous Improvement

In the journey towards high growth, wealth management firms must navigate a path characterized by constant evolution and increasing complexity. To thrive in this dynamic landscape, firms need to be adept at measuring their success, fostering an ethos of continuous improvement, and swiftly adapting to changing market conditions. This chapter delves into these three crucial aspects.

We begin by outlining the key performance indicators that provide insight into a firm's performance and progress. Next, we explore the creation and implementation of a culture centered around continuous improvement, encouraging ongoing development and refinement. Finally, we discuss the strategies necessary to stay resilient in the face of fluctuating market conditions. Together, these elements provide a framework that can guide wealth management firms in their quest for sustainable growth and excellence.

Key Performance Indicators for Wealth Management Firms

A robust metric system is a foundation stone for any business seeking growth, and wealth management firms are no exception. To truly understand their performance and plot a path for growth, these firms need to monitor a series of key performance indicators (KPIs). Below, we delve into the principal KPIs that are most relevant for wealth management firms.

Assets Under Management (AUM): This is the total market value of the assets that a wealth management firm manages on behalf of its clients. AUM serves as a primary indicator of the firm's size and earning potential, and a steady increase is usually a good sign.

Client Acquisition Rate: This measures how many new clients a firm can attract within a certain period. A higher rate generally implies a strong brand and effective marketing, which are both key to growth. However, a low client acquisition rate isn't necessarily a problem if the firm is focusing on improving its services for existing clients.

Client Retention Rate: The longevity of client relationships is especially crucial in wealth management, where trust and reliability are paramount. High client retention rates indicate satisfaction and loyalty, which are crucial for sustainable growth.

Net Client Cash Flow (NCCF): NCCF is the net amount of cash transferred into or out of the firm by clients, providing a clear picture of client activity and investment behavior. Positive NCCF suggests client confidence and trust.

Revenue Growth Rate: This KPI measures the speed at which a firm's revenue is increasing or decreasing for a certain set of financial performance reasons. This is fundamental for measuring the success of the firm's overall financial health.

Cost-Income Ratio: This ratio is an efficiency KPI that shows how well the firm is controlling its costs relative to its income. A lower ratio indicates a greater margin of profitability.

Client Satisfaction Score (CSAT): A critical metric that reflects the perceived quality of your services. Regular client feedback and high CSAT scores are indicative of client-centric operations, which is an important factor in retaining and attracting clients.

These KPIs serve as a road map, guiding wealth management firms to their desired growth. While these metrics are significant, it is critical for firms to understand that each serves a specific purpose and should be assessed within context. For example, a firm may have a high client acquisition rate, but if it has a low client retention rate, it indicates that the quality of service may need improvement.

Also, firms should note that these KPIs are interrelated. Improvements in one area, like client satisfaction, can lead to increases in other areas, such as client retention rate and NCCF. As such, a comprehensive view of all these metrics is necessary for a balanced understanding of a firm's performance.

In essence, KPIs give us the "what" of the situation, but it's equally important to understand the "why" behind these numbers. It's the interpretation and the corresponding actions that will truly drive the growth for wealth management firms.

Implementing a Culture of Continuous Improvement

A culture of continuous improvement is vital for any wealth management firm that aims to achieve sustained growth. It's not just about problem-solving but making improvements part of the daily routine and organizational fabric. This can have transformative effects on client relationships, service quality, and overall performance.

Fostering a Growth Mindset

Cultivating a culture of continuous improvement starts with fostering a growth mindset within the organization. Encourage employees to see challenges as opportunities for growth rather than as insurmountable obstacles. Create a safe space for risk-taking and ensure that failures are viewed as a necessary step towards success. When employees understand that they have the ability to learn, improve, and make a difference, they are more likely to be proactive in seeking out and implementing improvements.

Setting Clear Objectives

Set clear, measurable objectives that are aligned with the firm's growth vision. These objectives should be designed to drive performance improvements and should be communicated effectively to all members of the organization. Ensuring everyone understands what the firm is working towards and their role in achieving those objectives is crucial for creating a culture of continuous improvement.

Creating a Feedback Loop

An effective feedback loop is essential for continuous improvement. This involves regularly collecting feedback from both clients and employees, analyzing this information to identify areas for improvement, making necessary changes, and then starting the process again. When everyone is encouraged to give and receive feedback, it not only leads to valuable insights but also promotes a sense of shared responsibility for improvement.

Empowering Employees

Employees are often the first to identify areas for improvement since they are on the front lines of client service. Empowering them to suggest and make improvements not only leads to better solutions but also boosts employee engagement and ownership. Providing the necessary training and resources, recognizing their contributions, and involving them in decision-making processes can significantly enhance their capacity to drive continuous improvement.

Implementing Systems for Improvement

Having systems in place that support continuous improvement is crucial. This can range from quality management systems that identify and rectify issues before they reach clients, to innovative digital tools that facilitate feedback collection, data analysis, and task automation.

Regular Review and Improvement

Continuous improvement isn't a one-off initiative, but an ongoing commitment. Regular reviews should be held to assess progress towards objectives, identify and overcome barriers to improvement, and celebrate successes. This not only keeps improvement efforts on track but also enables the firm to adapt its strategies as needed.

Implementing a culture of continuous improvement involves a shift in mindset, clear communication of objectives, effective feedback mechanisms, employee empowerment, systematic support, and ongoing reviews. It might seem like a considerable undertaking, but the benefits—enhanced service quality, increased client satisfaction, improved operational efficiency, and sustained growth—make it a worthwhile investment.

Remember, continuous improvement isn't about big, once-off changes, but small, consistent improvements that add up over time, enabling wealth management firms to adapt, innovate, and thrive in an ever-changing market.

Adapting to Changing Market Conditions

In an industry that's influenced by fluctuating market conditions, regulatory changes, and evolving client needs, wealth management firms must remain agile and adaptive. The ability to pivot and adjust to these changes is a hallmark of sustainable growth. Below are key strategies for staying resilient and responsive to market changes.

Embrace Technological Innovation
Modern technology has revolutionized the way wealth is managed. Artificial intelligence, blockchain, data analytics, and digital communication platforms can offer firms an edge, helping them better understand and respond to market trends. Embrace these tools not only to streamline your operations but also to improve client interactions and create personalized investment strategies.

Keep an Eye on Regulatory Changes
Regulatory shifts can have significant implications for wealth management. Staying current with these changes is crucial for maintaining compliance and avoiding penalties. Moreover, it can provide a competitive advantage, as firms that adapt quickly can seize opportunities that changes may bring.

Prioritize Market Research and Forecasting
Continuous market research and forecasting should be a priority for wealth management firms. This includes monitoring economic indicators, competitor activities, and industry trends. Accurate forecasting can offer firms time to adjust their strategies, whether that's identifying new investment opportunities or mitigating potential risks.

Stay Client-Centric
The needs and preferences of clients evolve over time, often shaped by wider market trends. Wealth management firms should regularly check-in with clients to understand their changing needs and concerns. Adopting a client-centric approach that prioritizes personalized, responsive service will not only boost client satisfaction and retention but also ensure that your services remain relevant and competitive.

Foster a Culture of Continuous Learning
In an ever-evolving industry, continuous learning is key. Firms should encourage their teams to stay abreast of new trends, tools, and best practices. This might involve training programs, industry seminars, or regular knowledge-sharing sessions. A team that values learning is more likely to adapt effectively to market changes.

Diversify Offerings
Diversification can be a potent tool for managing market uncertainties. This could involve diversifying the firm's portfolio to reduce risk or expanding service offerings to capture new market segments. By not putting all eggs in one basket, firms can ensure a steady stream of revenue, even when certain areas are underperforming.

Manage Operational Resilience
Finally, wealth management firms must maintain robust operational resilience. This involves creating systems and processes that can withstand shocks and stresses, whether it's market volatility, cyber threats, or other operational risks. Ensuring business continuity, data protection, and flexible working arrangements can help firms navigate market changes without disrupting their services.

Adapting to changing market conditions is a complex but essential aspect of growth for wealth management firms. While it's impossible to predict every market change, a firm that prioritizes adaptability will be well-equipped to navigate uncertainties, seize opportunities, and drive sustained growth.

Mastering the art of measuring success, nurturing continuous improvement, and navigating changing market conditions are fundamental for wealth management firms striving for high growth. By effectively utilizing key performance indicators, firms can gain an accurate picture of their progress and adjust their strategies accordingly.

Embedding a culture of continuous improvement allows for the constant refinement of processes and practices, empowering firms to deliver unparalleled service quality and customer satisfaction. Meanwhile, the ability to swiftly adapt to shifting market conditions ensures the firm's resilience and agility in the face of uncertainties.

Together, these three aspects form a robust framework for sustained growth, equipping wealth management firms with the necessary tools to not only survive but thrive in this highly competitive and ever-evolving industry.

Chapter 11 Key Points

This chapter walked through how to measure successful growth via key performance indicators, implement a culture of continuous improvement, and adapt to a changing environment.

- In the journey towards high growth, wealth management firms must navigate a path characterized by constant evolution and increasing complexity.
- Firms can look at a range of key performance indicators to measure growth including but not limited to AUM, client acquisition rate, and revenue growth rate.
- Each key performance indicator does not happen in a vacuum and must be evaluated with the context of the others. For example, a high client acquisition rate paired with a low client retention rate may indicate poor service quality.
- A culture of continuous improvement is about making positive modifications part of the daily routine and organizational fabric.
- Cultivating a culture of continuous improvement starts with fostering a growth mindset within the organization.
- Regularly collect feedback from both clients and employees, analyze this information to identify areas for improvement, make necessary changes, and repeat.
- In an industry that's influenced by fluctuating market conditions, regulatory changes, and evolving client needs, the ability to pivot and adjust to these changes is a hallmark of sustainable growth.
- Embrace technological innovation.
- Master the art of measuring success.
- Never stop striving for high growth.

Chapter 12:
Tools & Resources for Your Firm

Tools & Resources for Your Firm

Financial Advisor Email Templates

Ideal Client Persona Builder

Tech Stack Builder

Marketing Activation Checklist

Referral Scorecard

Talent Strategy Planner

Staff Weekly Assignment Matrix

Staff Onboarding Template

Value Messaging Framework

Workflow Readiness Assessment

Technology Guide

Social Media Calendar

Marketing Guide

Client Retention Guide

Chapter 13:

100 Ideas to Grow Your Wealth Management Firm

Sustainable growth is the key to running a successful financial advisory firm. Growing firms retain their client base, win more prospects, and ultimately bring in more revenue. Growth helps financial advisory firms to attract and retain top talent (everyone wants to work for a growing company!) As a firm grows and takes on more clients, it can, in turn, offer its employees more opportunities for advancement and professional development—a significant incentive for top talent to join and stay with the firm.

Growth can also help financial advisory firms become more efficient and effective. When taking on more clients and growing a team, firms tend to streamline their processes and systems to better serve clients leading to improved customer satisfaction and loyalty. The growth flywheel is just that - growth begets growth.

The problem?

Most wealth management firms are barely growing and even considered stalling when considering inflation. The average wealth management firm is only growing by 3% per year.[1] You don't have to be average. Here are 100 ideas to kickstart your year and beat the statistic.

Enhance Your Firm's Marketing

1. Develop a robust marketing strategy that includes a mix of traditional and digital marketing efforts to reach new clients and increase brand awareness.
2. Build a strong brand and reputation through positive client experiences, expertise, and professionalism. Third-party review sites like Google are great to gather positive reviews.
3. Create a clear value proposition — think of a 1-2 sentence mission statement — that everyone in your firm can clearly communicate to clients to attract new business.
4. Develop a coordinated online presence, including having a professional website (FMG Suite & Snappy Kraken are great for this!), maintaining an active social media presence, and regularly publishing content that aligns with your firm's unique value propositions.
5. Regularly audit your website, Google Business profile, and social channels for the most accurate and updated information.
6. Invest in paid advertising channels such as Google AdWords, Facebook Ads, or other social media advertising to get your firm in front of new prospects. A good place to start is running an ad on one platform, tracking results, and then refining it. You'd be surprised what a different word in the headline can do!
7. Use paid search so your firm's ads appear in search engine results when people type specific keywords related to your business. This can be a cost-effective way to drive prospects to your website and, ultimately, become a client.
8. Use search engine optimization (SEO) to your firm's advantage to ensure that your website ranks well in search engine results. If your firm specializes in having dentists as clients, you should consider using relevant themes and keywords across your website.
9. Consistently valuable content such as blogs, articles, or whitepapers to establish your firm as a thought leader.

10. Use email marketing to stay in touch with clients and regularly send newsletters to your email list to keep your services top-of-mind.
11. Want to take email marketing one step further? Utilize email marketing automation to streamline the process of sending emails to clients or potential clients. This can keep clients happy and nurture leads in less time.
12. Heard of retargeting? Retargeting involves showing ads to people who have previously visited your website to bring them back to your site and convert them into clients. It's why when you look up "New Golf Clubs," you notice ads for golf clubs on every website afterward.
13. Try video marketing. Videos can help you connect with prospects through explainer videos, testimonials, or live streams. Your iPhone camera is a great place to start, and then if it's something you enjoy, you can invest in dedicated recording equipment.
14. Don't discount the effectiveness of traditional marketing channels such as direct mail or print advertising. We're big fans of Thanks.io to send automated postcards.
15. Create a free, downloadable cheat sheet or financial guide for prospects to achieve their New Year's resolutions related to finances.
16. Try adding a chatbot to your website to improve the customer experience and streamline processes. Intercom is a best-in-class provider of chatbots for websites.
17. Develop a customer-facing mobile app to make it easier than ever for clients to access your services and their financial information.
18. Leverage Riskalyze's Lead Gen Questionnaire to turn your website into a lead-generating machine. It opens up the Next-Gen Risk Questionnaire for the investor to complete. You receive the completed response in your inbox, and it's a terrific way to start a conversation.
19. Let Riskalyze's Advisor Marketing Kit be the launchpad for your marketing efforts. With access to personalized client-facing videos, templates for presentations, brochures and press releases, social media image generators, posters for your office, and best-practice guides for compliance approval along with online advertising campaigns.
20. Do more with less. Use Google's free marketing kit to get design resources and marketing essentials for your Google Business campaigns.[82] Try the user-friendly, free design software, Canva, to level up your emails, client presentations, website, and beyond.

Engage Clients in Creative Ways

21. Create a strong referral program by encouraging satisfied clients to refer friends and family to your firm through incentives such as gift cards or perks specific to your firm.
22. Consider using referral cards that clients can give to friends and family to make referring your firm easier than ever.
23. Offer a referral contest! This can include offering a prize, such as a gift card or a trip, to the client who refers the most new business to your firm.
24. Use referral marketing software to software to automate the referral process.

25. Finally, the referral pièce de resistance: simply ask for referrals. When you have great client relationships, clients will naturally say yes to this request.
26. Keeping existing clients happy is crucial for long-term success. Consider implementing a client retention strategy to reduce churn and improve client satisfaction.
27. Measure client satisfaction. Implement a client and prospect survey that has approximately 3 questions, including an NPS score.
28. Consider offering a loyalty program to reward clients for their continued business.
29. Provide ongoing education and training accessible on your website to attract prospects to your firm and to help your clients make informed financial decisions.
30. Offer free financial literacy tools, such as educational videos or interactive quizzes, to help clients stay engaged with your firm
31. Host educational events, webinars, or workshops—a great way to demonstrate your expertise and attract new clients.
32. Offer virtual financial planning sessions!
33. Implement electronic signature technology to streamline the process of signing documents and reduce the need for in-person meetings.
34. If your firm doesn't do this already, consider making 2023 the year that you conduct in-depth discovery meetings with every client that walks through your doors (figuratively speaking). Spend time getting to know them and their goals and concerns to increase client happiness and design the ideal portfolios.
35. Expertly manage client expectations with in-depth investor psychology analysis through the Risk Number®.
36. Use video conferencing tools to have virtual meetings with clients, which can be more convenient and flexible for both parties.
37. Use personalized communication, such as personalized emails or handwritten notes, to show clients that you value their business and are committed to their success.
38. Focus on providing exceptional customer service that sets your firm apart from competitors. This could include offering extended hours or personalized support.
39. Improve your relationships with your client's heirs and children. This will help you sustain growth for the long haul and manage wealth for generations.
40. Increase your cadence of communicating with clients across your firm. Many advisors don't regularly communicate with clients—this is an area for growing firms to win, and increase client satisfaction and client retention rates.

Differentiate Your Firm in the Market

41. Look for opportunities to develop partnerships with other businesses or organizations that share a similar target audience to cross-promote your services.
42. Partner with charities or non-profit organizations to give back to your community and build goodwill for your business.
43. Participate in community events, such as sponsoring a local sports team, to build goodwill

and make connections with potential clients.

44. Partner with other financial service providers, such as banks or accounting firms, to offer a more comprehensive range of services to clients.
45. Host networking events to connect with prospects and other professionals in the industry.
46. Attend more industry events and conferences to network with potential clients and stay up-to-date on the latest trends. Set an attainable goal for every event you attend, such as the number of contacts you expect to gain, or the number of meetings you'd like to set.
47. Consider offering a wider range of services such as tax planning, estate planning, and insurance to attract more clients and increase revenue.
48. Expand geographically. Look to enter new markets, either through partnerships or by setting up operations in new locations to reach new prospects.
49. Expand into new product areas, adding new offerings such as alternative investments or private equity, to attract new clients.
50. Offer customized solutions. Understand the specific needs and goals of each individual client and offer customized solutions that are tailored to their unique situation.
51. Specialize in a particular area, such as working with high-net-worth individuals or serving a specific industry or demographic, to differentiate yourself from competitors.
52. Foster a strong company culture: Create a positive company culture that is focused on collaboration, inclusivity, and continuous learning.
53. Invest in employee training and development to improve their skills, increase their value to your firm, and boost morale.
54. Appear in the news! Foster relationships with the media and secure positive coverage for your wealth management firm by writing press releases, conducting interviews, and lending your expertise to journalists when a financial crisis hits the news.
55. Be a guest speaker on a podcast—or launch your own podcast!
56. Use storytelling to build brand awareness. Create a compelling narrative about your firm and its values that resonates with potential clients.
57. Create a strong company culture that reflects your firm's values and sets it apart from competitors. This can help attract top talent and improve employee retention.
58. Consider focusing on sustainability as a differentiator for your firm. This could include implementing eco-friendly practices or offering sustainable investment options, which is particularly attractive to Millennials.
59. It may be time to invest in influencer marketing if you're at a mid-size or larger firm. Partnering with individuals or organizations in the financial industry to promote your business can be a powerful way to reach a wider audience and build your firm's credibility.
60. Consider white labeling some of the technology at your firm, so that the technology capabilities at your disposal appear as key differentiators for your firm to investors and clients.

Upgrade Your Firm's Technology

61. Embrace technology as the way of the future. The firms that are innovating, retaining clients, building relationships with the next generation of investors, and ultimately growing, are using the right technology to their advantage.
62. In 2023, audit your firm's tech stack to see what's working and what's not. Having the right tech stack in place will help your team improve efficiency, reduce costs, and enhance the client experience.
63. If there are any gaps in your tech stack, thoroughly review any new technology before bringing it into your firm. Reading the success stories and getting referrals from other advisors and firms before buying new tech will help your firm to grow sustainably.
64. Do you have a growth platform in your tech stack? Consider adding the Riskalyze growth platform, which helps your firm win prospects faster, drive a personalized client experience at scale, attract and retain the best talent, increase firmwide efficiency, and turn compliance into an opportunity.
65. Make sure your technology is synchronized with integrations. Integrations between different software programs can improve efficiency and reduce the need for manual data entry.
66. Make technology training available to your employees in 2023, so that each advisor on your team gets the most use out of their tech stack.
67. Implement customer relationship management (CRM) software to manage and analyze your interactions with clients and potential clients.
68. Automate portfolio management tasks, such as rebalancing and tracking performance.
69. Implement financial planning software to help clients create and track their financial goals.
70. Utilize data analytics tools to gain insights into client behavior and make informed business decisions.
71. Have you tried using Chatbot GPT? This AI is free and has countless applications for firms that aren't afraid of innovation. Leverage artificial intelligence to improve efficiency, reduce costs, and enhance the client experience.
72. Add virtual assistants to your team to handle routine tasks and improve efficiency.
73. Use cloud computing to improve efficiency and reduce IT costs.
74. Update your document management system. Embracing modern data management can revolutionize your firm's data systems and create higher efficiency and flexibility every step of the way.
75. Use automation to streamline tasks and improve efficiency. For example, you could use automation to schedule social media posts or send personalized emails to clients.
76. Use project management software like Asana, Monday, or Hive. This can improve team collaboration and streamline your team's processes, especially if you have a team of that shares tasks.
77. Improve investment performance with Riskalyze's advanced portfolio research and analytics. Identify investment opportunities, build the perfect portfolios for your clients,

and provide personalized insights and recommendations.

78. Make sure your technology is cohesive, generating professionally designed and easy-to-understand reports and visuals for both advisors and clients.
79. Avoid all-in-one technology and empower your team to use the technology that is best-in-class in every area of financial advising. While all-in-ones may be tempting to use from a cost perspective, firms can miss out on efficiencies and capabilities that support firm growth in the long run.
80. Get employee buy-in through surveys and use back-end data to see how your technology is used across your firm. This will help you and your firm's leadership to increase technology adoption rates.

Turn Compliance into a Growth Tool

81. Follow compliance regulations, an essential key for any financial firm looking to grow. This includes not just compliance-related paperwork, but also compliance principles such as fiduciary best interest, integrity, efficiency and transparency.
82. Make sure you understand your responsibilities and obligations under the law – this will help ensure that your firm's compliance practices are in line with legal requirements.
83. Continually monitor compliance performance to ensure that your firm is meeting compliance standards and regulations. This includes conducting regular audits and reviews, as well as tracking compliance data such as compliance reports, risk assessments, and corrective action plans.
84. An important part of compliance is educating your staff on the importance of compliance principles and how they apply to their job roles. This should include training sessions or seminars on compliance topics such as fiduciary best interest, data privacy and compliance risks.
85. Take advantage of compliance technology! Technology can be an invaluable tool for compliance management, streamlining your processes and reducing compliance risk.
86. Develop compliance policies that outline what compliance means for each individual role within your organization.
87. Leverage risk alignment tools in Riskalyze to accurately and seamlessly document fiduciary care across your firm and leave an audit trail.
88. Make compliance as efficient as possible with the ability to spot-check thousands of accounts in seconds through Riskalyze's compliance features, saving time and increasing your firm's efficiency.
89. Engage with experts to get guidance on compliance best practices and regulations. They can help you identify compliance weaknesses in your organization, develop strategies to mitigate compliance risk, conduct compliance reviews, and implement compliance solutions.
90. Keep compliance records: Properly documenting compliance activities and processes is essential for compliance management.

91. Implement regular compliance checks to ensure that your compliance processes are effective and up to date.
92. Take a proactive approach to compliance management in 2023 to help you identify compliance issues quickly and reduce compliance risks at your firm.
93. Create a culture of compliance at your firm that all employees contribute to.
94. Stay up to date on compliance regulations and best practices, so that your firm remains compliant and continues to grow.
95. Emphasize your firm's high standard of fiduciary care across your messaging. This will underscore what you are currently doing to stay compliant and will help to build trust with clients, which is essential for maintaining long-term relationships and attracting new business.
96. Clients are increasingly looking for firms that prioritize compliance and act in their best interests. By demonstrating your commitment to these principles externally, you can attract new clients who value these qualities.
97. By maintaining compliance and acting in the best interests of clients, you can reduce the risk of errors and improve efficiency, as you will not need to spend time and resources correcting mistakes or addressing issues that arise from misalignment.
98. Host webinar panels and release content about compliance and updated regulations to join the compliance discussion, improve your reputation among industry peers, and increase your referrals.
99. If you plan to hire in 2023, find employees that share your values. Employees who work for firms that prioritize compliance and acting in the best interests of clients may feel more fulfilled and motivated in their work, which can improve morale and employee retention rates.
100. Create and share your firm's values and include maintaining client's best interest in your stated values. This will help to sure your team is on the same page and improve your firm's goodwill with clients and prospects.

Chapter 14:
The 2023 Firm Growth Survey

Executive Summary

The reality is the majority of firms are not growing like they should. There are major risks to not growing such as stagnating revenue streams, decreasing firm valuation and advisor attrition.

That's why Nitrogen launched the industry's first annual Growth Survey, probing the major differences between slow-growth and hyper-growth firms in the areas of technology, marketing, and client engagement. This report defines hyper-growth firms as firms that grew 21% or more in 2022; slow-growth firms, 5% or less.

While they identify the same challenges to growth, the *behavior* of hyper-growth firms differs significantly from that of slow-growth firms. The areas both groups choose to invest in, how they spend their time, and how they approach the concept of growing their firm couldn't be more different. Understanding these patterns is crucial for developing effective business strategies that lead to AUM growth. This report explores three key areas where hyper-growth

firms excel and highlights the strategies they employ to outshine their slow-growth counterparts. By focusing on front-office technologies, emphasizing marketing efforts, and planning for the future, hyper-growth firms position themselves for success.

This report delves into these strategies and unveils the solution for bridging the gap between lead generation and conversion, the key to unlocking hyper-growth. Slow-growing firms *can* become hyper-growth, with improvements backed by data.

Key Findings

General

- Both hyper-growth and slow-growth respondents rank "increasing regulations and compliance" as the biggest threat to firm growth today.
- Hyper-growth firms are 2 times more likely than slow-growth firms to rank lead generation as most important to firm growth.
- 31% of hyper-growth firms spend 11+ hours a week growing their firm. Conversely, 61% of slow-growth firms spend 1-2 hours per week growing their firm.

Marketing

- Hyper-growth firms spend significantly more money on marketing per year than slow-growth firms–it's not even close.
- Hyper-growth firms are more likely to be highly satisfied with their marketing efforts than slow-growth firms.
- Paid social media is an area of opportunity where hyper-growth firms are finding wins.
- After referrals, events are the highest converting channel for hyper-growth firms. In fact, hyper-growth firms attend more industry events per year than slow-growth firms. This could include anything from traveling to industry conferences to hosting a webinar.

Client Engagement

- Hyper-growth respondents incorporate more automated communication into their practice.
- Hyper-growth firms are more prepared for the

Generational Wealth Transfer than slow-growth firms.
- Hyper-growth firms are better equipped to convert leads into meetings, meetings into clients, and clients into referral champions with routine usage of proposal generation software and a lead-conversion tool.

Technology
- Hyper-growth firms tend to use their tech stack more efficiently than slow-growth firms, using more technology daily and monthly, compared to quarterly and annually for slow-growth firms.
- Hyper-growth firms invest more into front-office technology, driving client satisfaction.
- Firms in their first year of using Nitrogen are 1.5x more likely to be hyper-growth firms than non-customers. This positive trend continues for advisors in their 2nd, 3rd, and 4th years using Nitrogen. Nitrogen customers have a 60% higher chance of being hyper-growth than non-Nitrogen customers.

Why Firm Growth Matters

Having served financial advisors and wealth management firms for over a decade, we understand the importance of firm growth for achieving long-term success. Firm growth encompasses increasing assets under management (AUM), attracting and retaining top talent, building scalable processes that save time, and deliver personalized client experiences.

Unfortunately, many firms today are struggling to achieve significant growth. According to a study by DeVoe & Company, the average wealth management firm is only growing by 3% annually, excluding market impacts.[83] Outdated technology is another barrier to growth, with 65% of advisors admitting to losing business due to using obsolete wealth management software, according to Advisor360.[84]

New advisors also face significant challenges, with 80-90% of them failing within the first three years, as reported by *AdvisorPerspectives*.[85] Furthermore, competition in the industry is fierce, with many firms concerned about losing clients to rivals.

Another significant challenge is the trust gap that exists between clients and financial advisors. According to the Employee Benefit Research Institute, only 21% of workers and 23% of retirees strongly agree that they have been treated fairly by their financial professionals.[86] This trust gap can lead to clients being fearful, with nearly two-thirds of high-net-worth individuals unable to answer more than three out of five basic financial literacy questions, according to FINRA.[87]

Despite these challenges, real growth *is* possible. One-third of advisors are expected to retire this decade, creating a transition of almost 40% of industry assets worth over $10 trillion.[88] There is still room for growth, with only 33% of workers currently having an advisor, and 40% of those planning to get one eventually, according to the Employee Benefit Research Institute.[89]

Great firms are growing in the double digits and that allows them to invest in their staff, grow their valuation, and most importantly, expand their impact on their clients. But how are they doing it? There is a gap in the research around growing wealth management firms that explicitly compares the tactics of slower-growing firms and hyper-successful firms in the areas of technology, marketing, and client engagement. Nitrogen conducted research in order to answer the question, “What are hyper-growth firms doing differently?”

Key Research Objectives

This report explores what sets hyper-growth firms apart in the categories of technology, client engagement, and marketing. Comparing and contrasting hyper-growth and slow-growth wealth management firms is essential to gain valuable insights into the tactics and strategies that spur growth. By examining the differences between these two types of firms, we can uncover the strategies and practices that contribute to their varying levels of success.

Understanding what sets hyper-growth firms apart, such as their focus on cutting-edge technologies, aggressive marketing efforts, and forward-thinking approaches to client engagement, helps to identify key drivers of growth and innovation. Conversely, analyzing slow-growth firms provides insights into potential pitfalls and challenges that may hinder growth. By analyzing both ends of the spectrum, this report uncovers insights that can be leveraged to optimize wealth management practices, enhance client satisfaction, and drive sustainable growth in the ever-evolving financial landscape.

Survey Participants and Methodology

Participants
One thousand and sixty-five participants were recruited via email, social media, and in-product messages for a study with the description “2023 Firm Growth Survey” for which they were compensated with a $10 Amazon gift card and guaranteed entrance to a raffle for an Apple iPad. Participation was limited to participants located in the United States. In total, there were 925 usable responses. In order to be included in the study, the respondents were required to be a financial advisor, a firm owner, or a firm executive. The majority of participants (76.0%) were aged between 35 and 64 years. The majority of respondents were financial advisors who owned their own firm (62.1%), followed by financial advisors that worked within a firm (35.9%), and firm executives (2.1%).

Materials and Procedure
An online survey was used to collect data from 1 March 2023 until 24 March 2023. The survey contained 50 questions and was divided into 5 sections: Demographics; Business Growth; Technology Growth; Marketing Growth; and Client Engagement & Satisfaction. The first content-specific section, Business Growth, assessed how respondents view and prioritize firm growth. An example question from this section was “What is the biggest threat to firm growth today, across the profession?” The next section, Technology Growth, examined how participants evaluate and use technology. An example question from this section was “How often are you using each of

the following software categories?" The following section, Marketing Growth, set out to uncover how participants allocate marketing spending and what marketing channels are the most effective. Two example questions from this section are "Approximately how much money per year are you currently investing in marketing?" and "Which of the following options is the highest-converting marketing channel in terms of converting leads to paying clients for your firm?" The last content-specific section, Client Engagement & Satisfaction, assessed participants' client engagement effectiveness as well as how prepared participants are for the generational wealth transfer. An example question is "Do you have a relationship with your

Figure 1: The breakdown of survey respondents by firm types

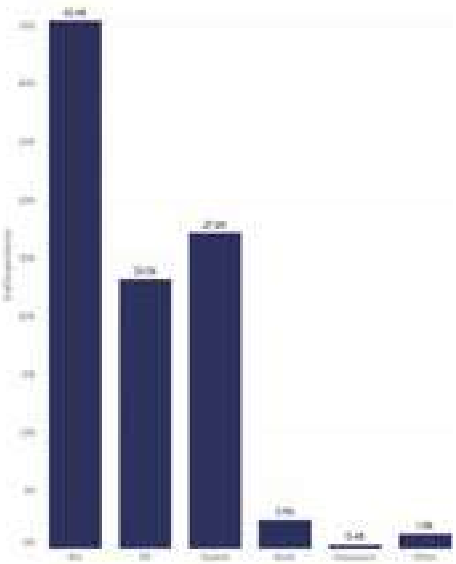
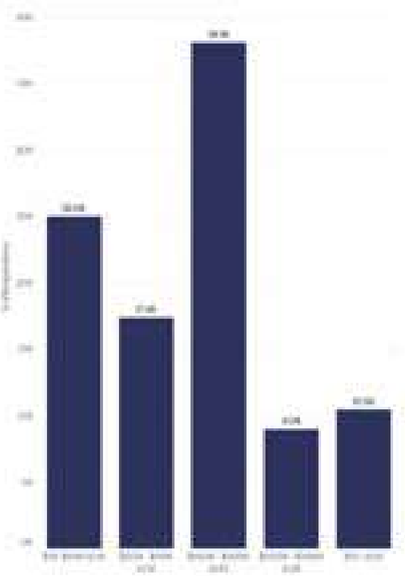


Figure 2: The breakdown of survey respondents by AUM



clients' children or inheritors?" The majority of questions were answered via a binary (yes or no) or topic-specific multiple choice.

In-Product Data

In addition to survey data, this report leverages Nitrogen's in-product data to expand its findings and provide more comprehensive information. The methodology for incorporating in-product data involved collecting and analyzing data from the Nitrogen growth platform used by financial advisors and wealth management firms. This data includes information on growth platform usage and other key performance indicators. By combining this data with survey responses, this report is able to provide a deeper understanding of the factors that contribute to growth and success in the wealth management industry.

Terminology

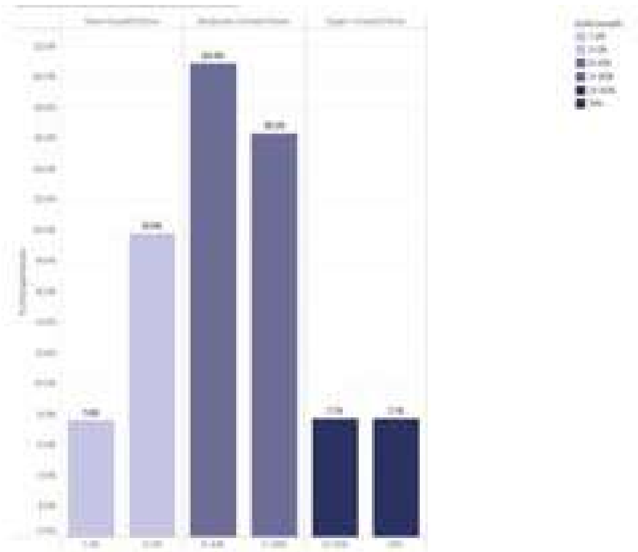
In the context of the Nitrogen Growth Survey, it's important to distinguish between slow-growth firms and hyper-growth firms. slow-growth firms are those that are experiencing very little to no growth, hovering around the industry average of 3% annual growth. On the other hand, hyper-growth firms are those that are experiencing explosive growth, in the double digits or more. This terminology is used throughout the report to segment firms based on their growth trajectory and identify what factors are contributing to their success or lack thereof. By comparing and contrasting the strategies and practices of slow-growth firms and hyper-growth firms, this report sheds light on how wealth management firms can improve their own growth prospects.

Hyper-growth firms grew 21% or more in AUM in 2022. Slow-growth firms grew 5% or less in AUM in the same year. Moderate growth firms grew between 6% and 20% in 2022, but they are not included in data visualizations that compare slow-growth and hyper-growth firms. The term "Growth Stages" refers to the categories, slow, moderate, and hyper-growth firms.

What is a "firm"?

When this report refers to a "firm," it denotes an organization or company that provides comprehensive financial services and advice to high-net-worth individuals, families, and businesses. These firms specialize in managing and growing their clients' wealth, offering a wide range of services such as investment management, financial planning, retirement planning, estate planning, tax planning, and risk management. A wealth management firm serves as a trusted advisor, working in the best interests of its clients to help them navigate complex financial landscapes, achieve their financial goals, and secure their financial well-being for the present and future generations.

Figure 3: Definition of Firm Growth Stages



Demographics

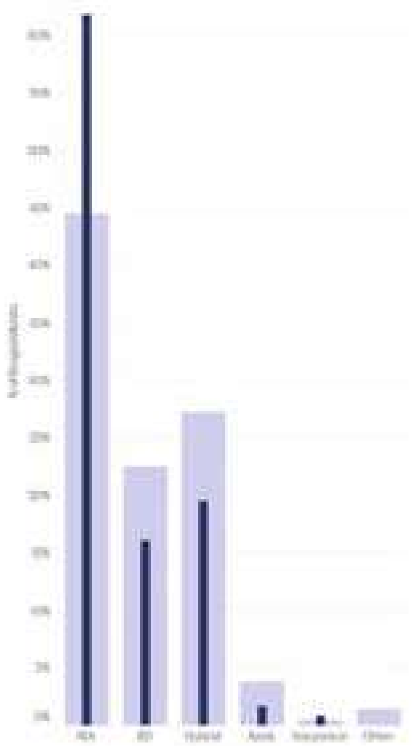
When it comes to licensure and location, slow-growth and hyper-growth wealth management firms appear quite similar. However, there are distinct differences between their firm size and AUM. Hyper-growth firms tend to have slightly higher assets under management (AUM), indicating their ability to attract and retain larger client portfolios. These firms also boast larger teams of advisors, which enables them to handle a greater volume of clients and provide more personalized services. Hyper-growth firm respondents tend toward a younger demographic, and the survey suggests that hyper-growth firms have a longer-term outlook, as their respondents express a lower inclination to retire compared to their counterparts in slow-growth firms. These contrasting characteristics highlight the dynamic nature of hyper-growth firms and their propensity for continuous expansion and evolution.

The data reveals that a majority (61.9%) of hyper-growth wealth management firms are registered investment advisors (RIAs) (Figure 4). Hyper-growth firms are 1.4 times more likely to be classified as an RIA than slow-growth firms. The RIA structure may provide certain advantages that contribute to the accelerated growth observed in these firms. The emphasis on independence, fiduciary duty, and client-centric approaches commonly associated with RIAs may foster an environment conducive to rapid expansion and success in the wealth management industry, even though hyper-growth also occurs in broker-dealers, hybrid, bank, and insurance firms.

Hyper-growth wealth management firms have a tendency to outpace slow-growth firms in two specific AUM categories. In the $1M - $49M AUM range, hyper-growth firms experience rapid growth (Figure 5). This suggests that firms that are newly starting are rapidly acquiring new clients and expanding their AUM. The threshold for achieving 21% growth in one year is lower for firms that are starting at lower (or zero) AUM.

Hyper-growth firms also show remarkable performance compared to slow-growth firms above $500M AUM (Figure 5). These firms are

Figure 4. Firm Type by Firm Growth Stage



characterized by their significant size and likely have a strong focus on client acquisition. By actively seeking out and onboarding new clients, they are able to further expand their AUM base.

Hyper-growth wealth management firm respondents outpace slow-growth firms in two client ranges: less than 100 clients or more than 500 clients (Figure 6). In the case of firms with less than 100 clients, this indicates that they are likely in the early stages of their business and experiencing rapid growth. These firms are actively acquiring new clients and expanding their client base at an accelerated pace.

On the other hand, firms with more than 500 clients are classified as large firms with a strong focus on client acquisition. These firms are dedicated to adding more clients to their roster and leveraging their existing infrastructure to accommodate a larger client base. The emphasis on adding clients to their portfolio underscores their commitment to growth and solidifies their position as large and influential players in the wealth management industry. This disparity in client numbers showcases the diverse growth trajectories and strategic approaches employed by hyper-growth firms in the wealth management industry.

In order to serve a growing client base and scale AUM, hyper-growth firms tend to have more advisors than slow-growth firms. Hyper-growth firms are more likely to have teams with 11+

advisors than slow-growth firms (Figure 7).

Licensure trends among hyper-growth and slow-growth firms show a similarity in their

preferences (Figure 8). Both types of firms exhibit a concentration of license holders in the Series 7 and Series 65 categories. These licenses appear to be the most prominent among respondents, regardless of the firm's growth stage. This suggests that both hyper-growth and slow-growth firms recognize the significance of Series 7 and Series 65 licenses in enabling their advisors to provide a wide range of services to clients.

The major difference between slow-growth and hyper-growth firm respondents becomes evident when examining their retirement plans. The data shows that 85.6% of respondents from hyper-growth firms have retirement plans extending 20 years or more into the future (Figure 9). Hyper-growth firms are far from reaching retirement and are focused on long-term growth and sustainability. Slow-growth firms, on the other hand, may have a higher proportion of respondents approaching retirement

Figure 5. Firm AUM by Firm Growth Stage

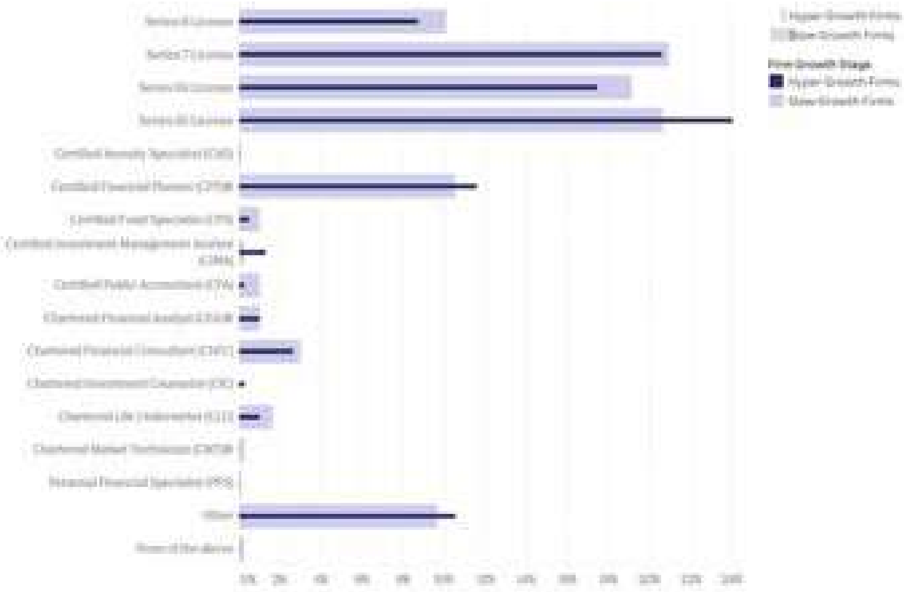
Figure 6. Client Number by Firm Growth Stage

Figure 7. Advisor Number by Firm Growth Stage

or with shorter retirement timeframes. This disparity in retirement plans underscores the divergent stages of the business life cycle between these two types of firms, with hyper-growth firms actively seeking to expand and solidify their market position while slow-growth firms may be transitioning towards succession planning and preparing for the next phase.

In alignment with the retirement statistic, 83.06% of respondents from hyper-growth firms fall within the age range of 25 to 54 years old (Figure 10). This indicates that the majority

Figure 8. Licensure by Firm Growth Stage



of individuals driving the growth in hyper-growth firms are in their prime working years. Their relatively young age suggests a dynamic and energetic workforce that is actively involved in expanding the firm's operations. This demographic trend highlights the emphasis on youthful talent, innovation, and forward-thinking strategies within hyper-growth firms.

Examining the roles of the 25-to-54-year respondents, the majority of those in the Hyper-Growth category are financial advisors that own their own firm or business. Having an ownership mindset and leadership abilities associated with the "FA & Owner" role could contribute to their hyper-growth success.[90]

Hyper-growth respondents are elite at sourcing industry expertise compared to their peers, as they are twice as likely to engage with industry podcasts and follow industry influencers and consultants. When slow-growth firms often rely on a single news source, hyper-growth firms adopt a more comprehensive approach by leveraging multiple sources. This trend may be attributed to the younger demographic within hyper-growth firm respondents, as millennials rely on a wider array of news sources compared to older generations.[91] This diverse information-gathering strategy reinforces the dynamic and adaptable nature of hyper-growth firms as they actively seek insights from various channels to stay at the forefront of industry trends.

Figure 9. Retirement by Firm Growth Stage

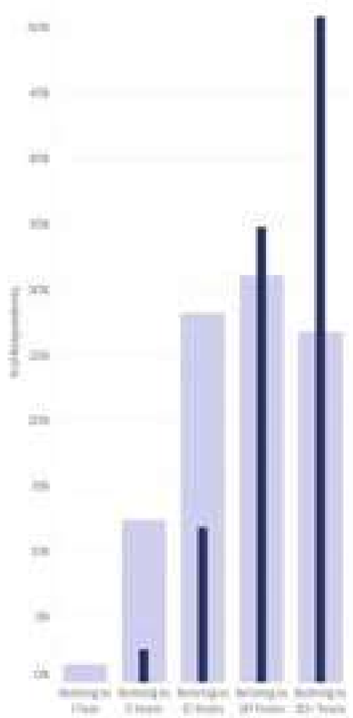


Figure 10. Age by Firm Growth Stage

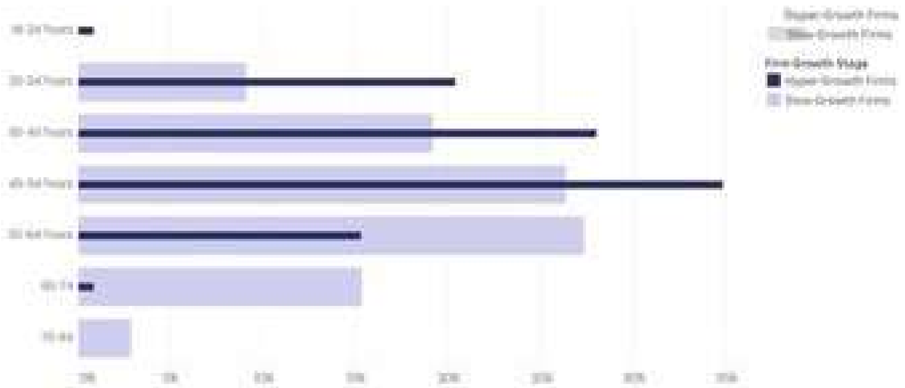


Figure 11. 25 to 64-year-olds by Role and Firm Growth Stage

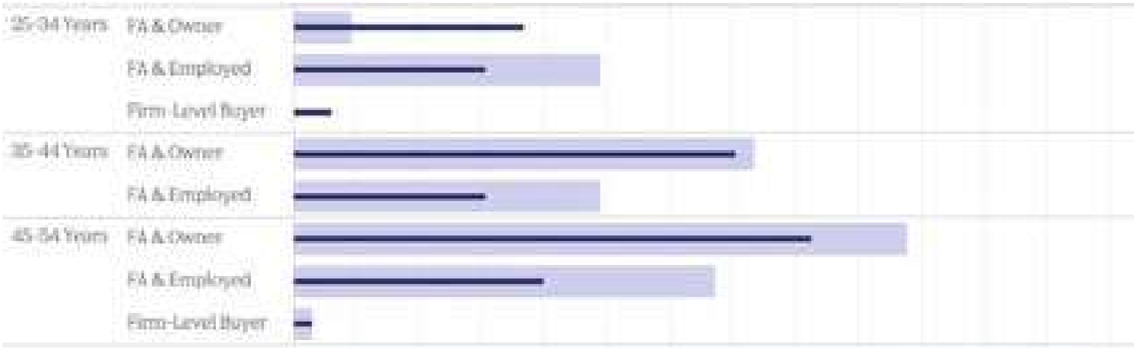
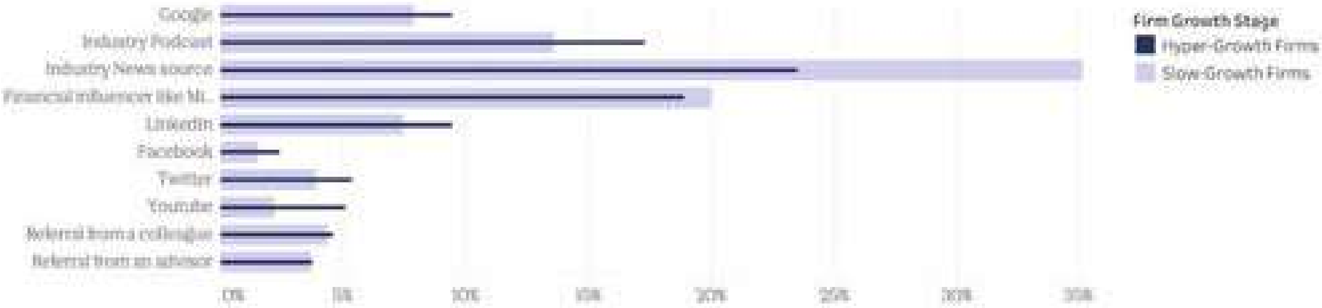


Figure 12. Trends by Firm Growth Stage



Business Growth

This section of the survey analysis delves into the contrasting business strategies and opinions of hyper-growth and slow-growth wealth management firms, exploring the top challenges hindering growth, the primary barriers to acquiring clients, the amount of time devoted to growth-focused activities, and other relevant factors. The data reveals that hyper-growth firms and slow-growth firms agree on what limits growth, but differ in their tactics to achieve growth.

Both slow-growth and hyper-growth firms identify "increasing regulations and compliance" as the most significant challenge for advisors in the next five years (Figure 13) and the primary threat to firm growth across the profession (Figure 14). This coincides with research across the industry by multiple thought leaders including Cerulli[92] and Michael Kitces' Nerd's Eye View.[93] Kitces highlights regulatory compliance as one of the most

Figure 13. The biggest challenge facing financial advisors in the next 5 years

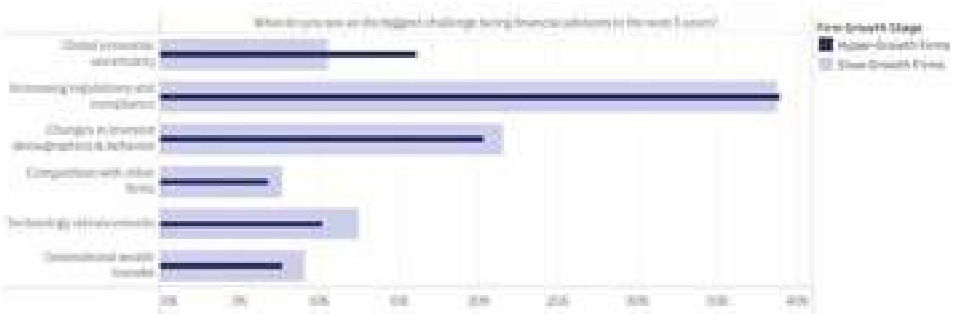
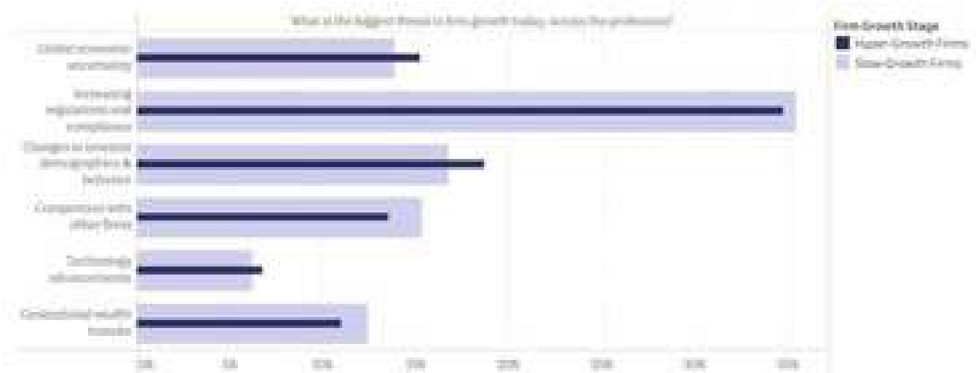


Figure 14. The biggest threat to Firm Growth



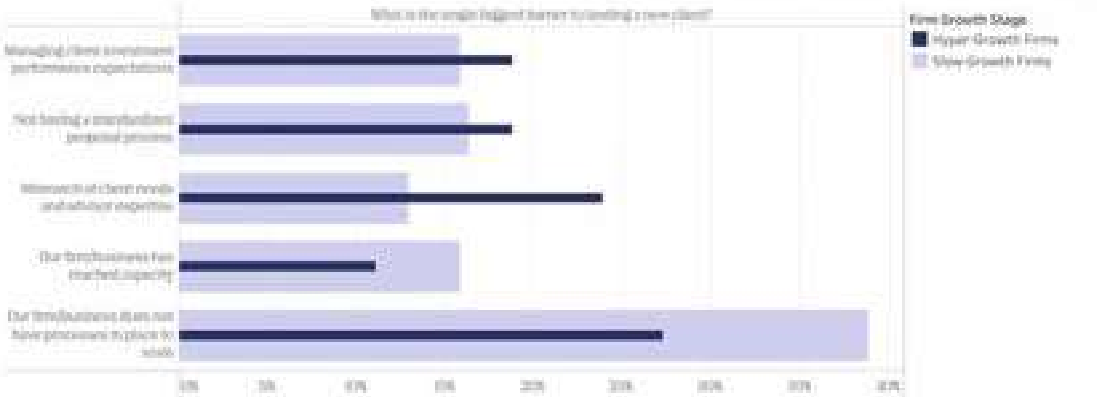
daunting aspects of running an independent RIA business.[94]

When hyper-growth firms and slow-growth firms are more obvious. Hyper-Growth firms are ~1.5 times more concerned about “global economic uncertainty” than Slow-Growth firms. One explanation for this has to do with the demographics of the data set. Hyper-growth firm respondents tend to be younger, and younger respondents will have seen fewer economic challenges than older, more experienced respondents. Also, an economic downturn would negatively affect firm growth.

The most significant obstacle to acquiring new clients varies between slow-growth and hyper-growth firms. Approximately 38.9% of slow-growth firms lack a scalable process, compared to approximately 27.4% of hyper-growth firms (Figure 15). There is also a higher proportion of hyper-growth respondents in the category of “mismatch of client needs and advisor expertise,” potentially attributed to the hyper-growth respondents’ younger demographic and relatively less experience in the industry. This could also be due to hyper-growth firms strategically operating within a business niche, making them unable to meet the needs of every prospect.

The most important factor contributing to firm growth is “client satisfaction and retention” for both hyper and slow-growth firms (Figure 16). However, there are ~1.4 times more slow-growth firm respondents that selected client satisfaction than hyper-growth. Hyper-growth firms were more evenly split between “client satisfaction”

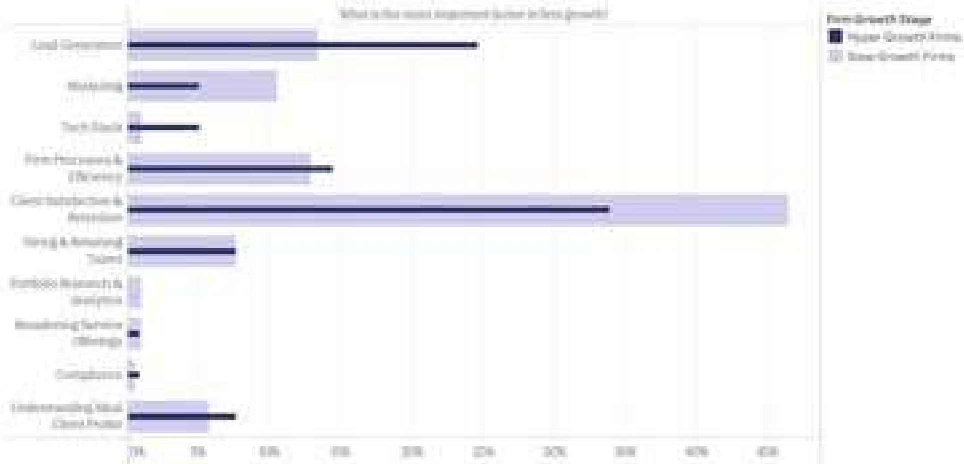
Figure 15. The greatest barrier to converting a prospect into a client



and “lead generation.” In fact, hyper-Growth firms are ~1.8 more likely to select “lead generation” as the most important factor in firm growth than slow-growth firms. This could be because once hyper-growth firms have a lead, they are confident that they can move forward and convert that lead in a reliable and scalable way. Their focus is on bringing leads to the firm.

Both hyper and slow-growth firms ranked “client engagement” as having the greatest positive impact on

Figure 16. The most important factor in firm growth



business growth for wealth management firms; “financial planning” came as a distant second (Figure 17).

Hyper-growth firms place a higher emphasis on the importance of “growth” than slow-growth firms, with 78% of hyper-growth firms considering it very or extremely important, compared to 43.4% of slow-growth firms (Figure 18). **Hyper-growth firms are 1.8 times more likely than slow-growth firms to rank ”growth” as very or extremely important.** This belief in the importance of growth may serve as a motivating factor that increases the likelihood of achieving growth objectives. Setting clear goals is a crucial step toward attaining them.[95]

Hyper-growth firms invest a significant amount of time each week in growing their firm, whereas slow-growth firms allocate comparatively less time (Figure 19). **The majority of hyper-growth firms dedicate six hours or more per week solely to growth initiatives.** The majority of slow-growth firms spend five hours or fewer on firm growth. Hyper-growth firms have a greater commitment to driving expansion.

Figure 17. The greatest positive impact on business growth

Figure 18. The importance of firm growth by Growth Stage

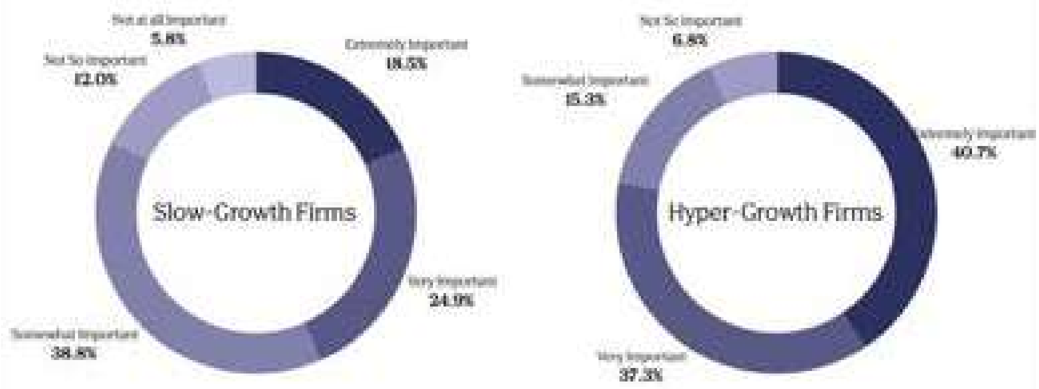
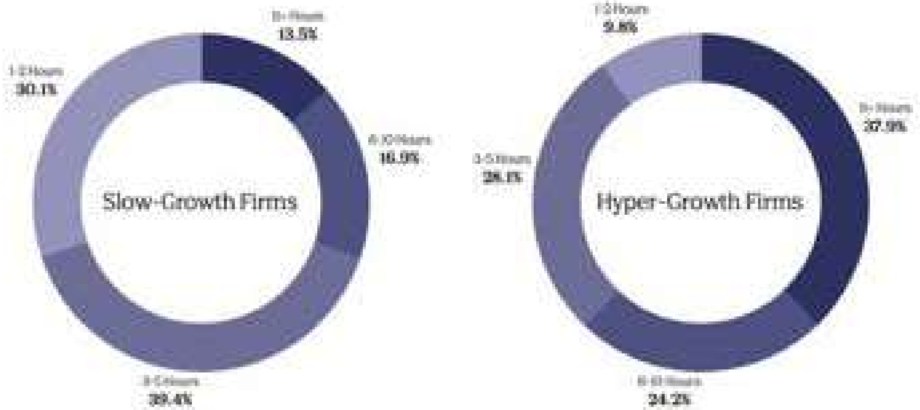


Figure 19. The time spent on firm growth by Growth Stage

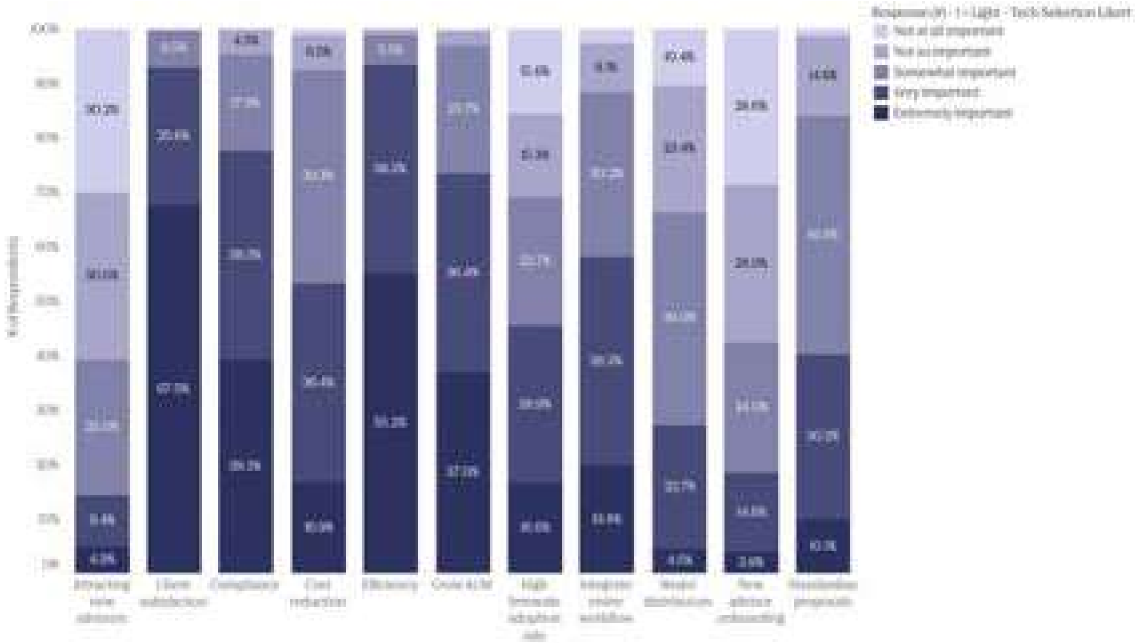


Technology

This chapter explores how hyper-growth firms prioritize their tech stack investments, with a specific focus on front-office systems that drive client satisfaction. These firms have a pronounced inclination to use their tech stack more frequently, sometimes even on a daily basis. By examining their technology preferences and usage patterns, the data analysis reveals the pivotal role that technology plays in fostering hyper-growth.

Overall, across all growth stages (slow, moderate, and hyper), “client satisfaction” and “efficiency” stand out as the most crucial factors in the decision-making process of adopting new technology (Figure 20). The difference between slow and hyper-growth firm’s technology selection priorities are marginal. When considering new technology, hyper-growth firms place slightly more importance on factors like “growing AUM” and “efficiency,” after “client satisfaction” (Figure 20). Slow-growth firms emphasize “compliance” slightly more than hyper-growth firms in their technology selection process. Factors such as “new advisor onboarding” and “attracting new advisors” are not significant priorities for both growth stages when adopting new technology.

Figure 20. Tech selection methodology. This is the breakdown of how important each category is when it comes to adopting new technology, across all growth stages



Hyper- and slow-growth firms alike consider the CRM to be the most important tech to scale their business, followed by financial planning software, and a client engagement platform (Figure 21).

Figure 21. Technology's importance to firm growth

This is the breakdown of how important each technology is to growing a firm, across all growth stages. The colors represent a Likert scale with the darkest purple being "extremely important," and the lightest purple representing "not at all important."

Hyper-growth firms are using more tech, more efficiently, across every category. Overall, they have more technology that they report using "daily" and "monthly" than slow-growth firms do (Figure 22). While it may seem daunting to set aside time to learn new technology, this is what the top growing firms are doing to save time and create efficiency in the long run.

Hyper-growth firms prioritize their tech stack investments, particularly in front-office systems that help drive client satisfaction (Figure 23). **Hyper-growth firms are 1.5x more likely than slow-growth firms to spend 75% of their budget on front-office, client-facing technology.** The integration of robust front-office systems becomes a catalyst for success, enabling hyper-growth firms to surpass their competitors.

Figure 22. Technology use by Growth Stage This shows the breakdown of how often firms use technology (slow growth on the left; hyper growth on the right). From left to right, the darker color represents daily, and the color gets lighter for monthly, then quarterly, then yearly, and beyond.

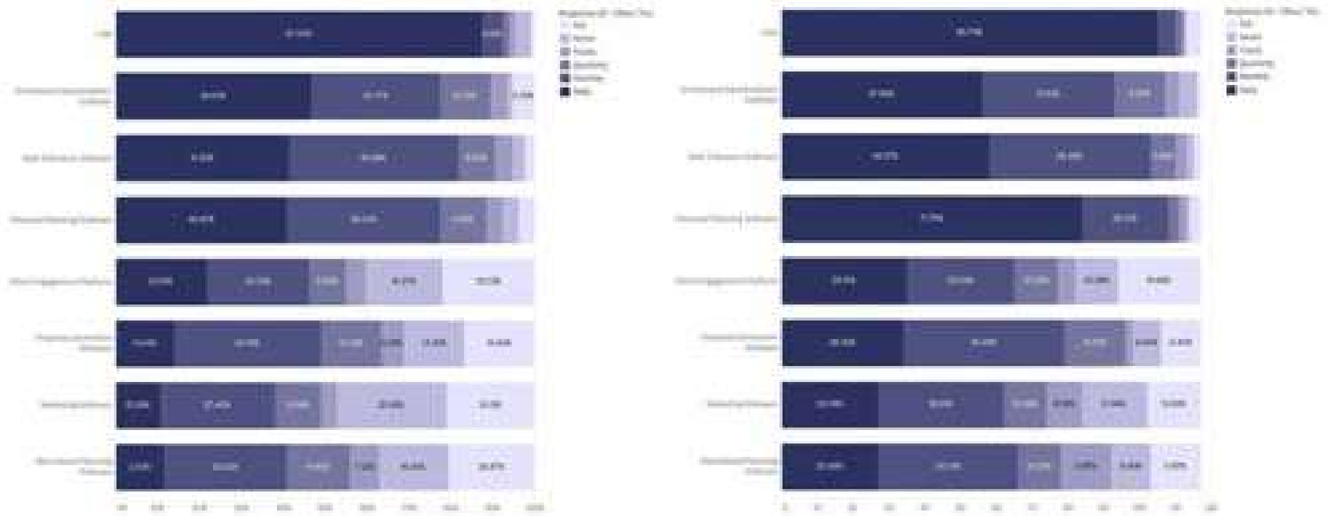
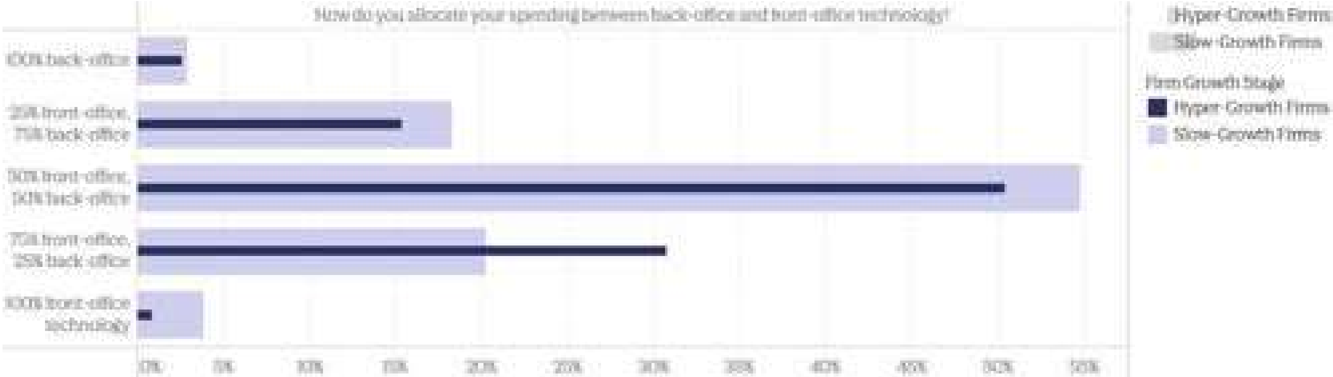


Figure 23. Front office vs. back office technology

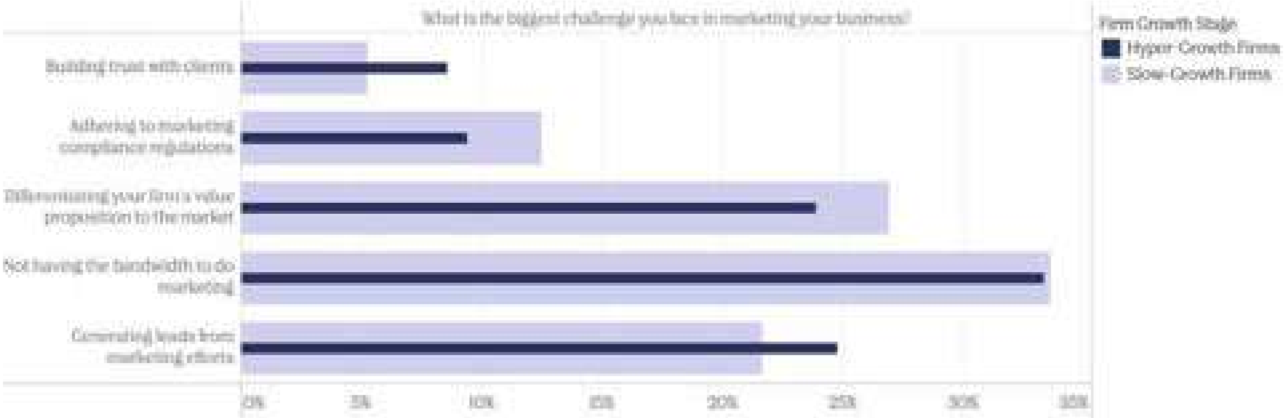


Marketing

Marketing is how hyper-growth firms fuel business development. The marketing efforts of hyper-growth firms are significantly more focused and strategic compared to slow growth firms. This chapter will explore how hyper-growth firms allocate substantial resources to promote their brand and pursue various channels to drive leads. Notably, hyper-growth firms prioritize events as a powerful avenue for expanding their reach and connecting with potential clients. The commitment to marketing excellence is evident, as hyper-growth firms meticulously evaluate their marketing initiatives to ensure maximum effectiveness.

Both Slow-Growth and Hyper-Growth firms struggle with having the bandwidth for marketing (Figure 24). For hyper-growth firms, the second-biggest marketing challenge is generating leads. For slow-growth firms,

Figure 24. The biggest marketing challenge



the second-biggest marketing challenge is differentiating their value in the market. Hyper-growth firms may prioritize lead generation more than slow-growth firms due to their ambitious growth goals (Figure 18), larger business development resources, and the need to stay competitive in the market.

One of the most remarkable differences between hyper and slow growth firms is in their marketing spend. **Analysis revealed that a staggering 27% of hyper-growth firms unleash a marketing powerhouse by investing over $30k per year (Figure 25).** The majority of these firms allocate a substantial budget of $6k or more annually toward their marketing endeavors.

In stark contrast, 26.1% of slow-growth firms settle for meager marketing investments of $1k or less each year, while only 14.5% of hyper-growth firms embrace the same frugal approach.

Figure 25. Marketing investment by Growth stage

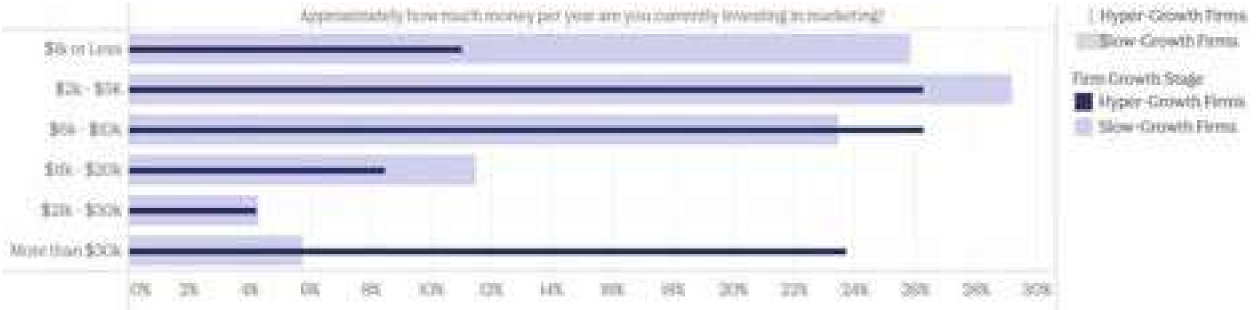
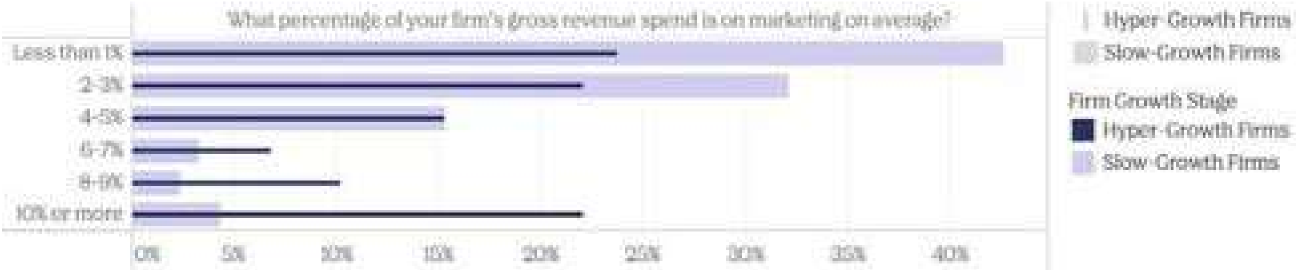


Figure 26. Marketing Percentage Spend by Growth Stage



Investing more in marketing is crucial for hyper-growth firms as it enables them to generate a greater number of leads, expand their brand presence, and effectively differentiate themselves in the market, ultimately driving their rapid growth.

Further emphasizing marketing spend as a key marker of a hyper-growth firm, the research shows that hyper-growth respondents are 5 times more likely than slow growth firms to spend 10% or more of their gross revenue on marketing (Figure 26). In contrast, 75% of slow-growth firms allocate 3% or less on marketing each year.

Hyper-growth firms consistently rate their marketing as highly effective, while slow-growth firms tend to have a lower perception of their marketing's impact (Figure 27). Because hyper-growth firms invest more in marketing, they're more likely to be pleased with the results. For slow-growth firms to become hyper-growth firms, they'll need to overcome negative sentiment around their marketing efforts and emulate the successful marketing tactics of hyper-growth firms.

When it comes to lead sources, referrals are in the lead for firms in every growth stage (Figure 28). While referrals remain the primary source of leads for both types of firms, hyper-growth firms also benefit from a

Figure 27. Marketing effectiveness by Growth Stage

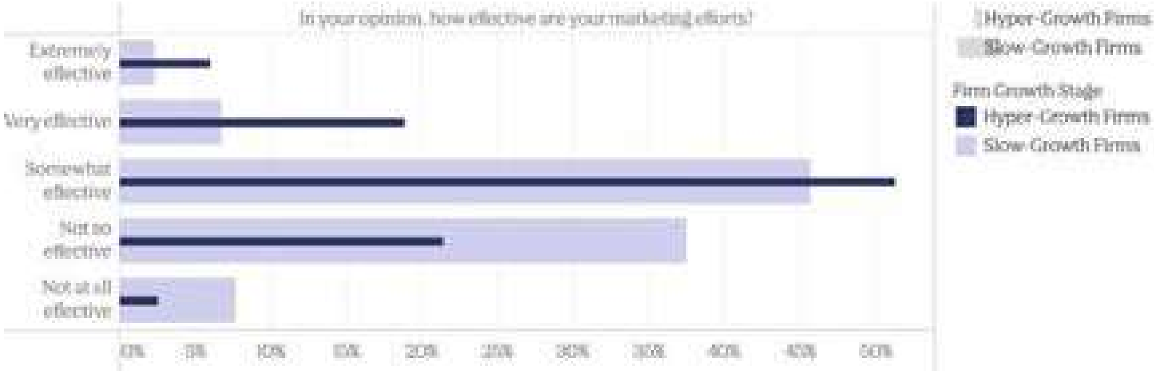


Figure 28. Lead sourcing by Growth Stage

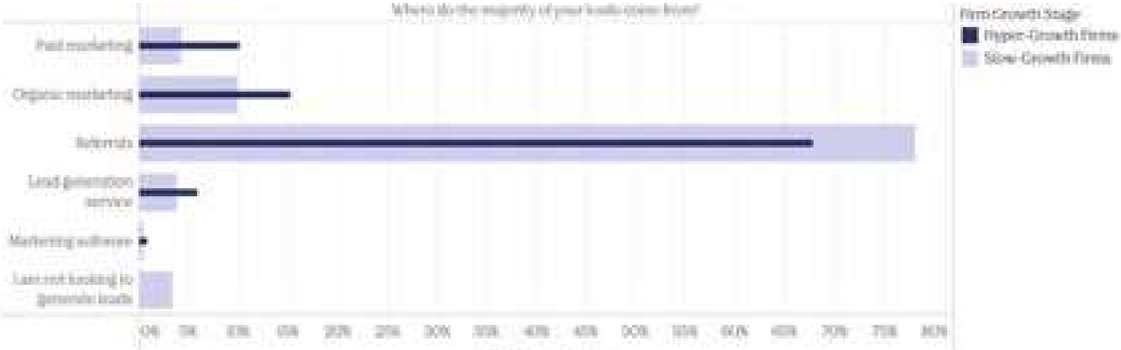
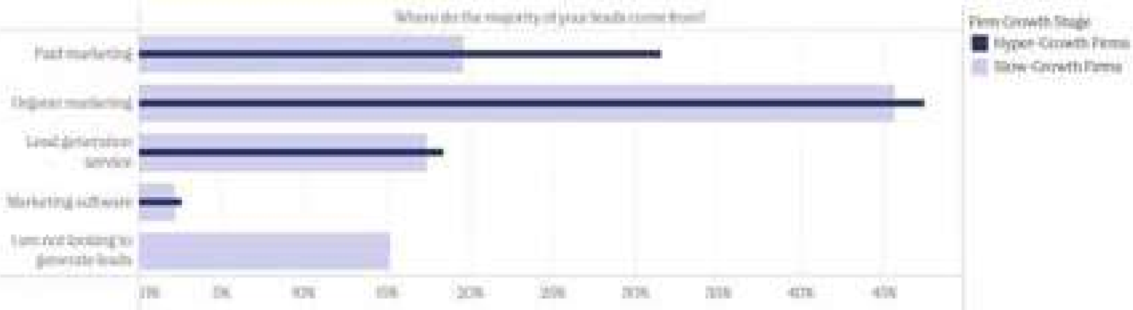


Figure 29. Lead sourcing by Growth Stage - Sans Referrals

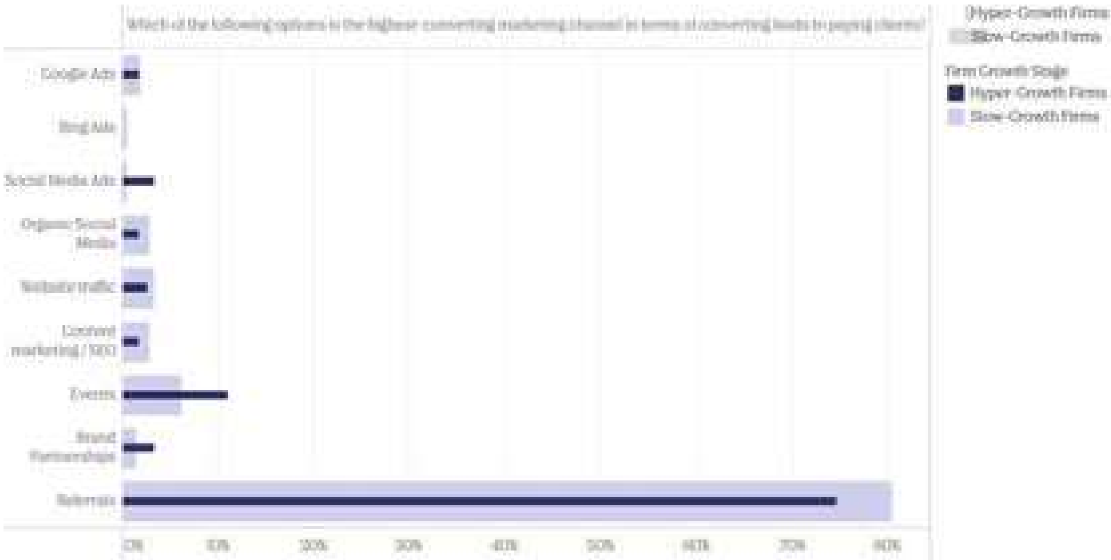


higher proportion of leads originating from organic marketing. Michael Kitces from Kitces.com and Nerd's Eye View blog released a comprehensive report called "How Financial Planners Actually Market Their Services" that goes into further depth affirming the opportunities for firms that leverage marketing, both organic and paid.[96]

With "referrals" removed (Figure 29), it becomes clear that hyper-growth firms win when it comes to "paid marketing." For hyper-growth firms, 20% of leads come from organic marketing. Paid marketing and organic marketing bring in 2x more leads for hyper-growth firms than slow-growth firms.

One thing worth noting in Figure 29 is that 5.3% of slow-growth firms are "not looking to generate leads." This means that more than 94% of slow-growth firms ***want*** to grow and aren't growing.

Figure 30. Highest converting marketing channel by Growth Stage

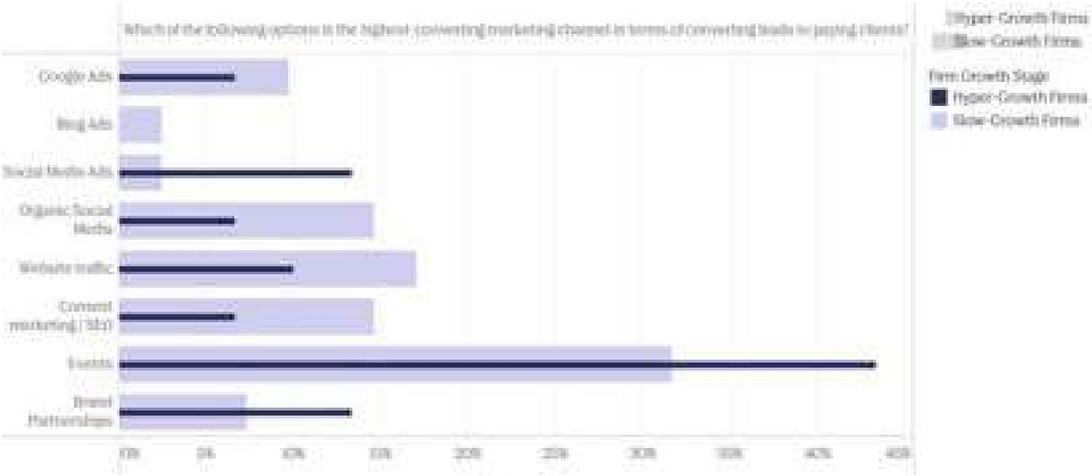


The highest converting marketing channel, in terms of converting prospects to paying clients, is referrals, followed by events for both hyper and slow-growth firms (Figure 30).

With "referrals" removed, hyper-growth firms tend to rank "events" and "social media ads" as the other highest-converting marketing channels (Figure 31). They also rank "organic social media" low in the priority. This could be because hyper-growth firms aren't experiencing high-quality leads through organic social media or believe social media to be driven by vanity metrics like impressions and views.

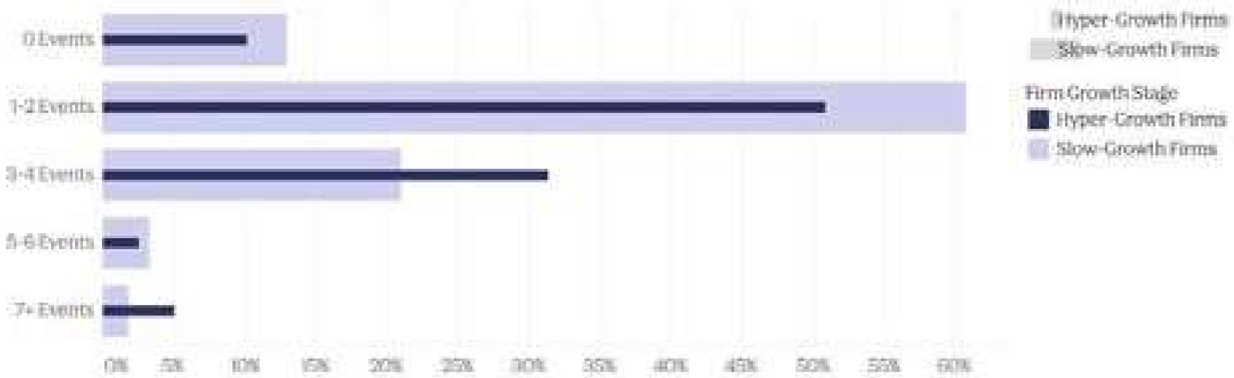
Hyper-growth firms attend more industry events per year than slow-growth firms (Figure 32). Events can include industry conferences, or events put on by the firm for clients such as dinners or educational seminars.

Figure 31. Highest converting marketing channel by Growth Stage - Sans Referrals



According to the 2022 Study of Best Practices for Financial Advisor Marketing by FMGSuite and WealthManagement.com, webinars (23%) are still not fully utilized by firms, despite their potential to efficiently reach a broad audience with targeted messages at a low cost.[97] Webinars are one tactic that slow-growth firms can employ to ramp up their events-per year and follow the tactics of hyper-growth firms.[98] Industry thought leader and Chief Evangelist at FMGSuite, Samantha Russell, suggests sending three pre-event emails to potential attendees and encouraging clients to share the webinar with friends to maximize registrants.[99]

Figure 32. Events per year by Growth Stage

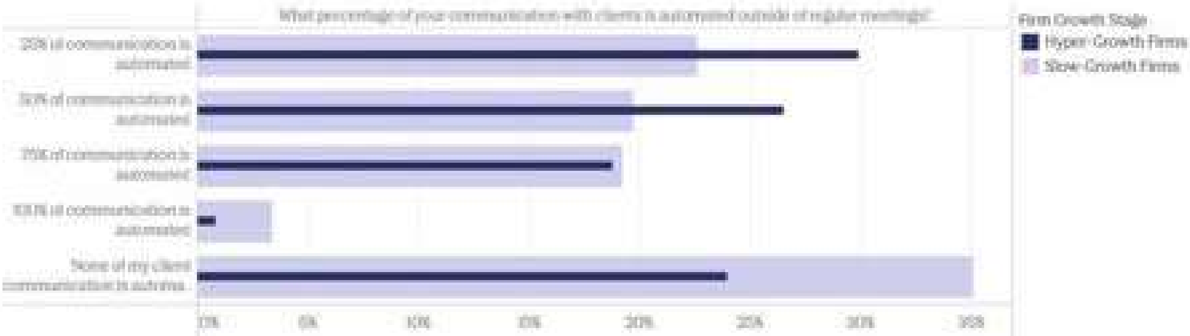


Client Engagement & Satisfaction

Hyper-growth firms have a pronounced tendency to think about the future of their firm and are much better positioned to benefit, rather than suffer as the generational wealth transfer plays out. They have a deliberate strategy for pulling the families of their clients into their overall relationship with the client. This chapter will explore how hyper- and slow-growth firms engage clients differently, and what sets the former apart.

All firms rank “timely communication” as the most effective strategy in building client relationships, followed

Figure 33. Most effective tactic in building client relationships



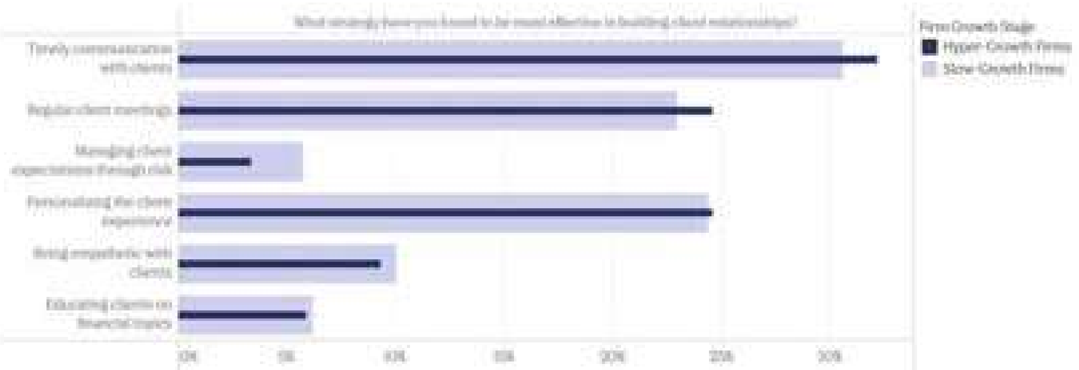
closely by “personalizing the client experience,” and “regular client meetings” (Figure 33). This is an area where hyper- and slow-growth firms are aligned.

Routine client meetings are the top method that firms use to track client engagement and satisfaction. Hyper-growth firms are more likely to communicate monthly with clients (compared to quarterly with slow-growth firms) and use client reviews as a method to track client satisfaction. More slow-growth firms do not track client engagement and satisfaction than hyper-growth firms, although there is not a significant difference between the two firm types in this area.

Approximately 40% of advisors want their client onboarding process to be “personalized and comprehensive” compared to “streamlined and efficient” (12.4%), “minimalist and to the point” (15.3%), “standardized and routine” (18.8%), and “slow and time-consuming” (13.0%). This indicates that creating a “personalized and comprehensive” client process is important to firms across all three growth stages.

Slow-growth firms have less automated client communication than hyper-growth firms and are ~1.5x more likely to have no automated client communication than their hyper-growth counterparts. This could be because slow-growth firms don’t have access to or may not be aware of automated marketing tools like FMG Suite or Snappy Kracken. Alternatively, this could be due to the fact that advisors are wary of automating communication because it may reduce personalization. However, automating *some* communication can free up

Figure 34. Automated Communication by Growth Stage

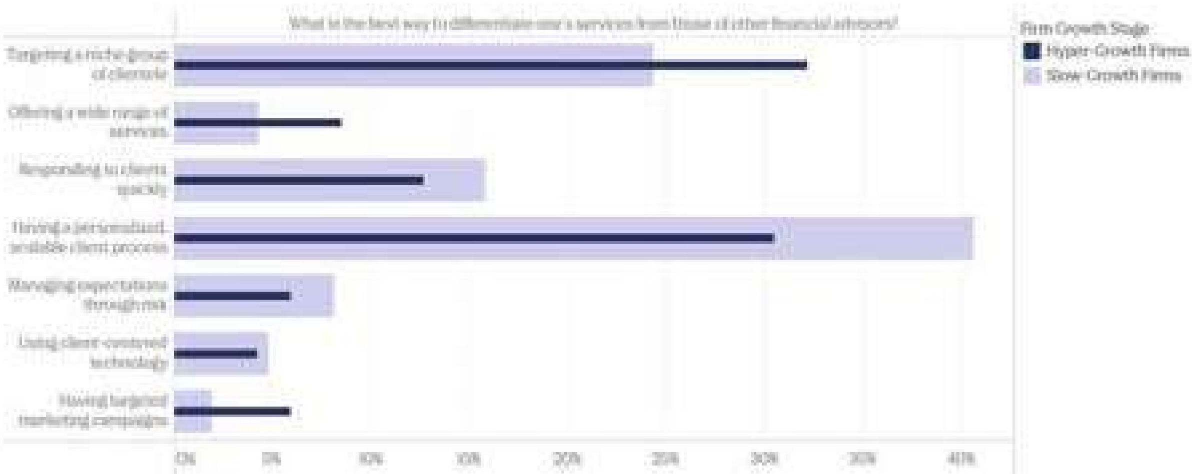


time for advisors to focus on their soft skills and 1:1 personal interactions.

According to YCharts, "9 out of 10 clients consider their advisors' communication frequency and style when deciding whether to retain their services and make referrals, and about half (47.1%) of surveyed clients wish their advisor would contact them more frequently."[100] Marketing software can help advisors and firms increase the frequency of client communication without increasing workload.

Slow-growth firms believe that "having a personalized scalable client process" is the best way to differentiate to clients; hyper-growth firms, "targeting a niche group of clientele" (Figure 35). One explanation for this is that

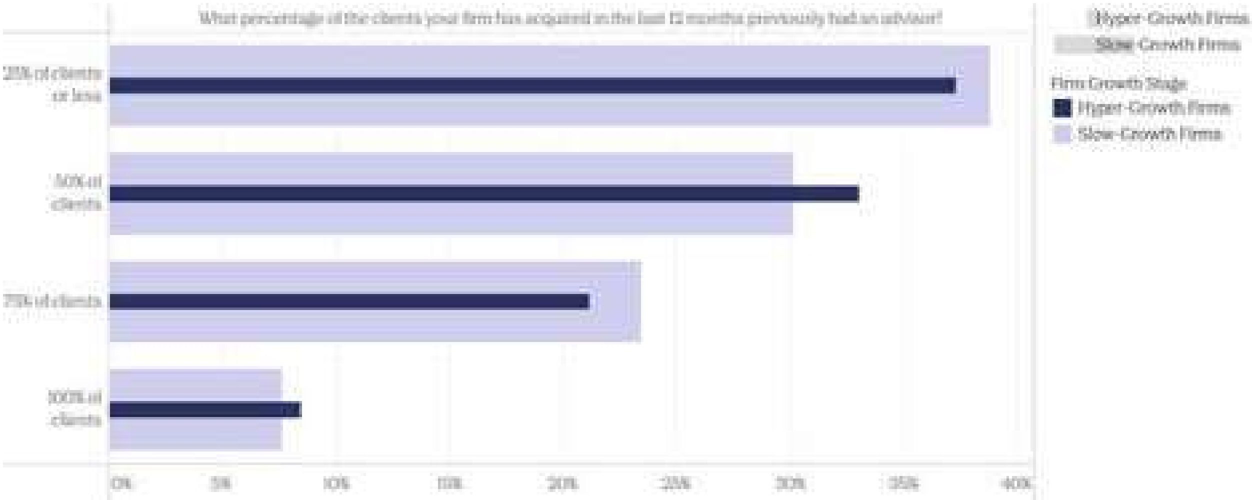
Figure 35. Differentiation tactics by Growth Stage



hyper-growth firms are already adept at or have a personalized, scalable client process. Their focus is turned outward, to bring more clients to the firm.

Slow-growth firms are twice as concerned about competition as hyper-growth firms, while hyper-growth firms are more effective in attracting clients from other advisors. A majority (68.5%) of hyper-growth firms reported that 50% or more of their clients came from other advisors, indicating their ability to outperform competitors (Figure 36). This highlights the competitive advantage of hyper-growth firms in successfully

Figure 36. Competition in the market by Growth Stage

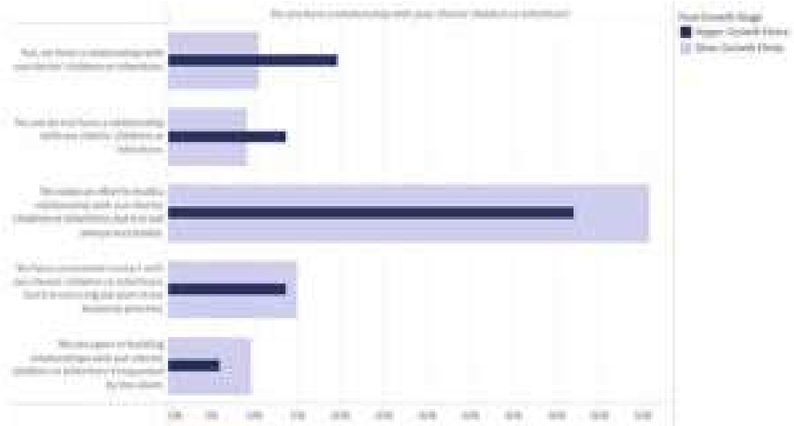


onboarding clients who have had previous experiences with other financial advisors.

Competition is not the only thing that advisory firms must prepare for. Something critical is occurring across the wealth management profession: "57% of existing client assets are expected to pass to the next generation by 2045, yet advisors have reached out to only 13% of clients' children."[101] This is called, the generational wealth transfer. Thought leader, Samantha Russell, shared that there could be consequences for ignoring the next generation of young investors–potentially putting a firm's valuation and longevity at risk.[102] Fidelity found that households in which the next generation is engaged generate 160% of the revenue and 270% of the profits of households without family engagement.[103]

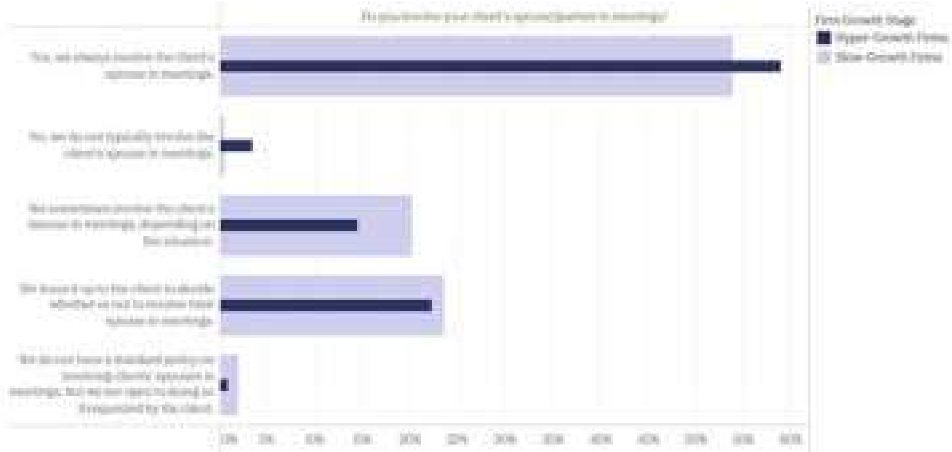
Hyper-growth firms possess a distinct advantage in their ability to envision the future of their business. Hyper-growth firms tend to have a better relationship with the children or inheritors of their clients than slow-growth firms (Figure 37). They proactively plan for the generational wealth transfer, positioning themselves to benefit from this phenomenon rather than being caught off guard. By formulating deliberate strategies, these firms create a seamless transition for the families of their clients, integrating them into the overall client relationship. This foresight strengthens long-term partnerships and enhances the firm's reputation, setting them apart from slow-growth firms.

Figure 37. Relationship to inheritors by Growth Stage



Both hyper-growth and slow-growth firms alike tend to involve partners/spouses in client meetings (Figure 38). This strategic decision reflects the recognition of the importance of holistic financial planning and the acknowledgment that partners or spouses often play a significant role in the financial decision-making process. This inclusive approach fosters stronger client relationships, enhances communication, and aligns the firm's

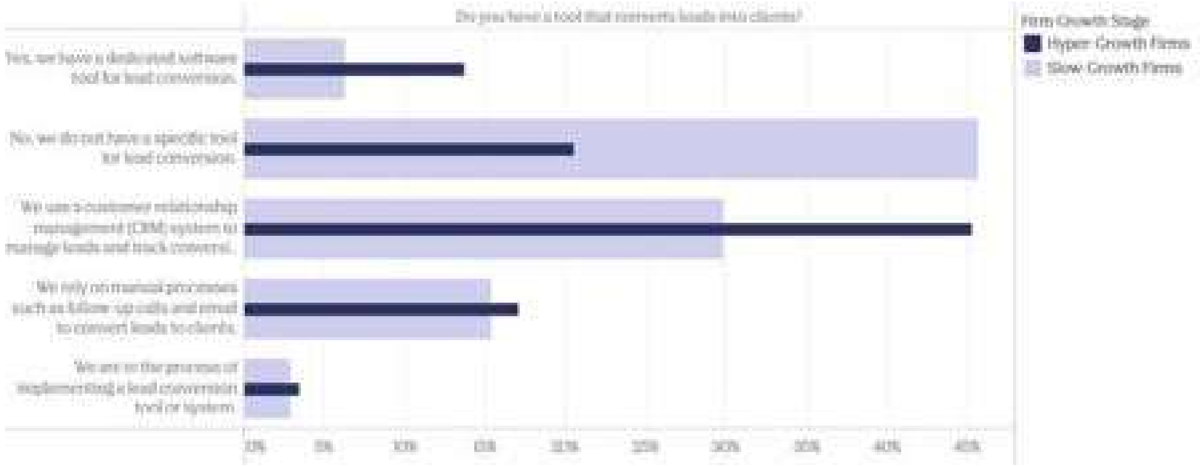
Figure 38. Partner/Spouse involvement by Growth Stage



services with the broader needs and dynamics of the client's household.

Slow-growth firms do *not* have a specific tool for lead conversion. Hyper-growth firms are more likely to have

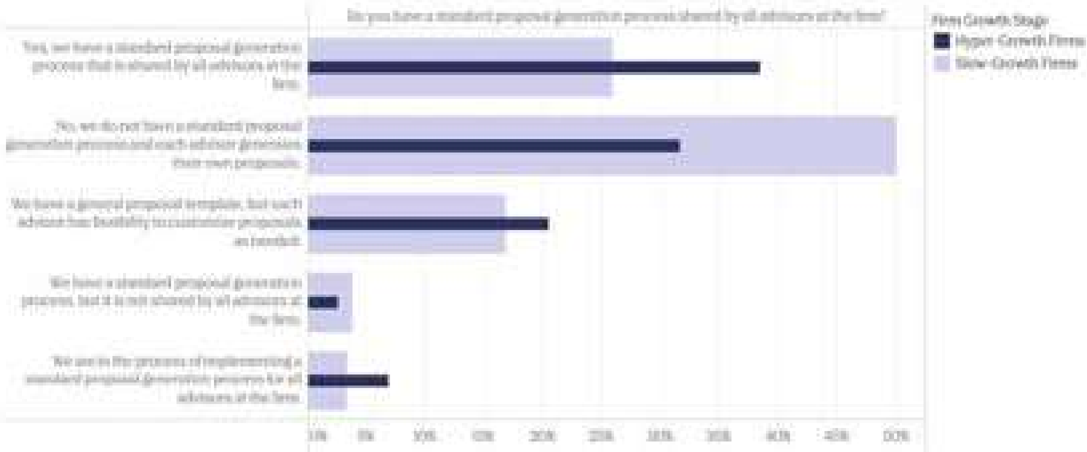
Figure 39. Lead conversion tool by Growth Stage



a tool that converts leads to into clients (Figure 39). Also, many hyper-growth firms rely on a CRM for this function.

More slow-growth firms do not have a standard proposal generation process than hyper-growth firms (Figure 40). Hyper-growth firms demonstrate a greater emphasis on implementing and maintaining standardized processes throughout their organization, extending from client onboarding to technology utilization, to

Figure 40. Proposal generation process by Growth Stage



proposal generation. In contrast, slow-growth firms encounter challenges when it comes to establishing and optimizing their internal processes. The focus on robust and efficient processes in hyper-growth firms enables them to streamline operations, enhance client experiences, and effectively scale their business.

Nitrogen Growth Platform: Bridging the Gap

Regardless of a firm's growth stage, there exists a gap between lead generation and the subsequent sales process. Many financial advisors find themselves straddling the line between generating leads and effectively converting them into clients. Survey analysis reveals that hyper growth respondents are more likely to be using a purpose-built growth platform to bridge this gap than slow-growth firms.

Customers in their first year of using Nitrogen are 2x more likely to be Hyper-Growth firms than non-customers.

Nitrogen customers have a 60% higher chance of being a Hyper-Growth firm than a non-Nitrogen customer.

The Nitrogen Growth Platform emerges as the solution to lead conversion and client retention. Developed by Nitrogen, the world's first comprehensive purpose-built growth platform, empowers advisors to excel in their primary role of delivering financial advice rather than acting as salespeople. By streamlining the lead-to-sales process, Nitrogen enhances efficiency and elevates the conversion rate, ensuring that the firm secures business and cultivates referral champions.

The discovery that hyper-growth wealth management firms showed a stronger preference for utilizing comprehensive growth platforms served as a catalyst for an investigation into Nitrogen's in-product data, uncovering deeper insights into the key factors that contribute to the success of Nitrogen's customers, users, and their clients.

Generating High-Quality Leads

Nitrogen has designed a lead generation questionnaire that helps advisors collect pertinent information from prospects. This questionnaire gathers key details regarding an individual's financial objectives, risk tolerance, investment preferences, and other relevant factors, and assigns that person a Risk Number®.

To date, the lead generation questionnaire has distributed 275,763 submissions to advisors. Nitrogen customers that use the lead generation questionnaire have 2.4x more prospects on average than customers that don't use the questionnaire.

Increasing Client Satisfaction

Nitrogen offers a popular feature called "Check-ins" that enables advisors to regularly engage and connect with their clients in a streamlined manner. With Check-ins, advisors can schedule and send two questions to their clients at the click of a button, to see 1) how they feel about the market, and 2) how they feel about their portfolio. This functionality facilitates effective communication and collaboration between advisors and their clients, fostering a proactive approach to wealth management and ensuring that clients receive ongoing support and attention from their advisors. Based on our in-product data collected through Check-ins, client sentiment about the market typically mirrors how the market is performing at any given time–when the market is low, so is market sentiment. However, clients have improved portfolio sentiment over time, even when their stock market sentiment is low.

Managing Client Expectations

A key element of a growth platform is empowering advisors to set the right expectations with their clients. The Risk Number® is a distinctive metric provided by the Nitrogen growth platform based on a Nobel-prize winning framework that helps advisors evaluate and understand their clients' unique risk tolerance level. By utilizing a combination of factors such as financial objectives, time horizon, and risk preferences, Nitrogen calculates a personalized Risk Number for each user, ensuring a more tailored and informed approach to wealth management.

Analysis revealed that once a client's Risk Number is scored, it is only modified by the advisor 1.2 times on average, over the customer life cycle. This shows the robustness of risk scoring. Advisors can confidently incorporate risk scoring into their practice without anticipating making serious adjustments over time. There is a positive improvement in market, advisor, and portfolio sentiment after using Check-ins over time.

The combination of Nitrogen's Check-Ins feature, the Risk Number, and the Lead Generation Questionnaire plays a crucial role in helping customers of the Nitrogen growth platform attract and retain clients while transforming them into referral champions. By combining these powerful features, Nitrogen's growth platform customers can attract new clients who align with their services and retain them by delivering personalized and informed wealth management strategies. Satisfied clients, impressed by the personalized approach and continuous support, are more likely to become referral champions, promoting the platform and recommending it to others in their network, further fueling the growth and success of Nitrogen's customer base.

Discussion

The success of hyper-growth firms is not a result of mere chance but stems from well-crafted strategies. By prioritizing front-office technologies, executing targeted marketing initiatives, and planning for the future, hyper-growth firms position themselves as industry leaders capable of handling the competition. The Nitrogen Growth Platform offers a solution for financial advisors seeking to bridge the gap between lead generation and sales, enabling them to focus on their core expertise–financial advice. As the financial landscape continues to evolve, adopting the strategies of hyper-growth firms becomes imperative for long-term success and sustained growth.

About Nitrogen
Nitrogen revolutionized how financial advisors and wealth management firms grow with the launch of Riskalyze in 2011. Today, Nitrogen is the growth platform for wealth management firms, helping advisors turn leads into meetings, meetings into valued clients, and clients into referral champions. The company invented the Risk Number®, built on top of a Nobel Prize-winning academic framework, and is the champion of the Fearless Investing Movement — tens of thousands of financial advisors committed to our mission of empowering the world to invest fearlessly. To learn more, visit NitrogenWealth.com.

Acknowledgments

Writing a book is never a solitary endeavor; this playbook is no exception. These pages are the culmination of insights, experiences, and research, and there are several people without whom this project would not have been possible.

Firstly, we would like to express our deepest gratitude to our customers, the tens of thousands of financial advisors around the country, many from day 1. Their feedback, insight, and passion for the Fearless Investing Movement is our source of strength and motivation. One of our core values at Nitrogen is to be Customer Driven, and this work is a reflection of that belief. We always want to be providing resources that equip customers and boldly delight them with incredible results. And our work will always be focused on their work. We're not in the business of trying to boil the ocean but make a focused impact on firms, advisors, and the wealth management profession. And ultimately, we think through the lens of fearless investing – if investors do well, our customers win.

We owe a special debt of gratitude to our colleagues at Nitrogen. Their dedication to driving growth and innovation in the wealth management industry is an inspiration, and their insights have significantly enriched this book. From the R&D team building incredible software to the Customer Care team speaking to advisors every day, and all colleagues in between, we all are a team of leaders committed to creating clarity, generating energy, and finding a way to get things done.

Our sincere thanks go out to the financial advisors and wealth management professionals who generously shared their experiences, challenges, and successes with us. Their real-world perspectives were invaluable in shaping the content of this book. We would also like to acknowledge the wealth management industry as a whole. This dynamic, ever-evolving industry provides endless opportunities for learning and growth, and we are grateful to be a part of it.

Lastly, but certainly not least, we extend our thanks to you, our readers. We wrote this book with the hope of providing you with valuable tools and insights to help you navigate the challenges and seize the opportunities to grow your business. Your dedication to serving your clients and advancing this industry is why we do what we do.

Thank you all.

Team Nitrogen

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