Timing Is Everything When Adding New Advisors

By Steven Lang July 13, 2015

There's already enough in a financial advisor's work world that's out of his control. So where control can be exerted, it makes sense to go for it. One such area is the process of monitoring business flow and determining when to pull the trigger on a hire.

When you hire from a position of strength and knowledge, the new employee is likelier to stick around, says **David Berman**, principal at **Berman McAleer**, a Baltimore-based firm that manages about $1 billion.

With so many elements of the business — markets, evolving regulations, etc. — he can't predict, Berman says the one thing he can drive is his service model. And the most important part of that is having enough advisors and support staff of the right kind.

Further, Berman says, running your business this way is the best marketing you can do. Positive word of mouth from happy customers matched with good advisors who receive strong support outpaces the bump you get from ads or bring-a-friend events, he figures.

To get the best employees, Berman usually follows up on referrals from peers. In a pinch, he'll use a headhunter. But in general, he's always on the prowl for new talent. "When you ask yourself if you need a person, you're about six months late in making that hire," he says. "Don't wait until things break down."

David Berman

Trouble is, advisors tend to be cheapskates and wait too long, says Unionville, Conn.-based **Michael Chadwick**, who runs two advice firms with a combined $150 million under management and four advisors working under him at **Chadwick Financial Advisors** and **Place Financial Advisors**. Adding advisors quickly gives him time to acclimate existing clients to new hires, Chadwick says. He adds, "We have joint meetings to see how the chemistry evolves."

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Travis Russell says the timing of new hires is paramount at **Glassman Wealth Services**, a firm in McLean, Va., where he works as an advisor. Out-of-whack life-work balances and FAs lacking time to proactively reach out to clients are some of the signals he looks for.

It’s also important, Russell adds, to stay on top of the advisor-to-associate-advisor ratio. At Glassman Wealth Services, which manages $800 million, associate advisors handle routine business so its advisors can focus on clients’ estate and financial plans and look for new-business opportunities.

Some advice firms, meanwhile, have taken out the guesswork by turning to metrics. With $1 billion under management, **Horter Investment Management** in Cincinnati expects advisors to focus on sales and marketing, says **Drew Horter**, president. Everything else is handled by support staff or outsourced.

An advisor with five to 10 prospects gets one admin to help with case preparation, answering phones, workshops, client appreciation events and other functions. The numbers rise proportionately, says Horter. Advisors with 10 to 15 get two support staffers; those with 15 to 20 prospects get three, and so on. Assistant advisors handle clients with under $500,000 in assets, he says. He times new admin hires to marketing campaigns.

Analytics have taught the company how many prospects a marketing campaign will generate. About one to two months before that, the company knows it needs to hire so it can train new employees to be ready for new prospects. “I do my metrics,” Horter says.

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