



Survey Results – RIA Capacity and Segmentation Practices

Wednesday, March 13, 2019, 2:00 p.m. EST

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Moderated by Justin Kermond - VP, Advisor Perspectives



Webinar Agenda

- *Introductions - your experts*
- *Present the data - what advisors are doing and thinking about in terms of segmentation.*
 - *We'll present the data quickly - we want you to have time to understand what it means for you*
- *The six key takeaways - how you can use this data to improve your business*
- *Roundtable - this is the fun part - we will move into "Facet Unplugged" where our experts share our perspective and answer your questions.*

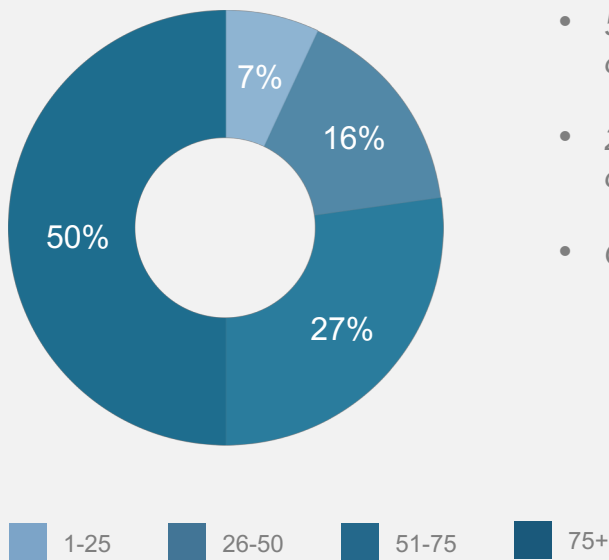


Survey Overview

- *Canam Research conducted a Capacity and Segmentation Practices survey of RIA Firms.*
- *The survey was conducted via email invitations to US-based Financial Advisors.*
- *More than 300 Advisors participated.*
- *Research focused on:*
 - *Advisors' capacity to handle clients.*
 - *How and where Advisors are spending their time.*
 - *Areas of improvement to ensure exceptional service to clients.*
 - *How segmentation of books of business is done.*
 - *What strategic initiatives RIA firms are focusing on for 2019.*

How many clients per advisor on average?

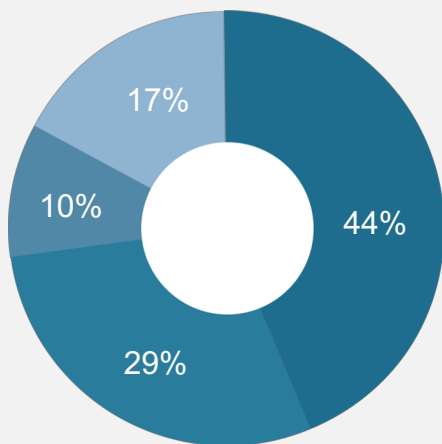
Response Percent



- 50% of Respondents indicated that they manage over 75 clients.
- 27% of Respondents manage between 51 to 75 clients.
- Only 7% manage fewer than 25 clients.

Do you have a minimum AUM or Revenue ?

Response Percent

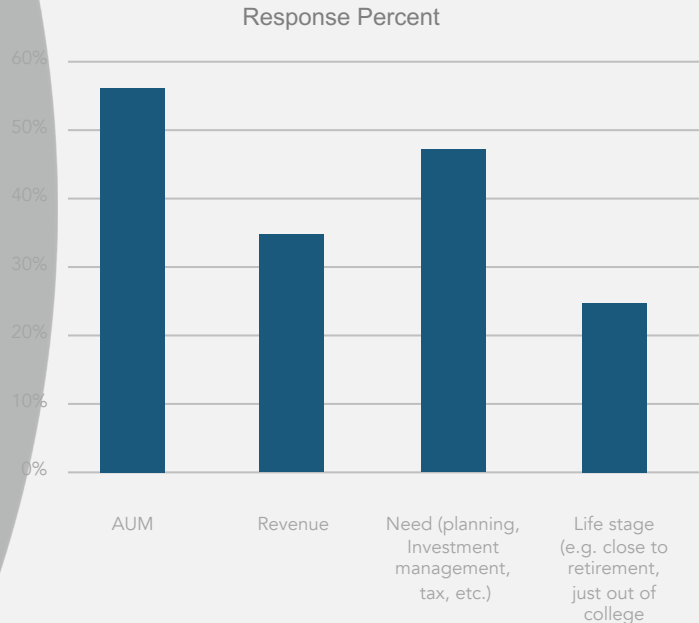


- Yes, but we don't enforce it.
- Yes, and we are disciplined.
- No, but we're thinking about it.
- No, we service everyone.

- *44% of Respondents reported **Yes** but they do not enforce account minimums.*
- *29% of Respondents indicated **Yes** and they are disciplined.*
- *17% of Respondents indicated **No** but they are considering account minimums.*

Skipped Questions – 0
Answered Questions- 360

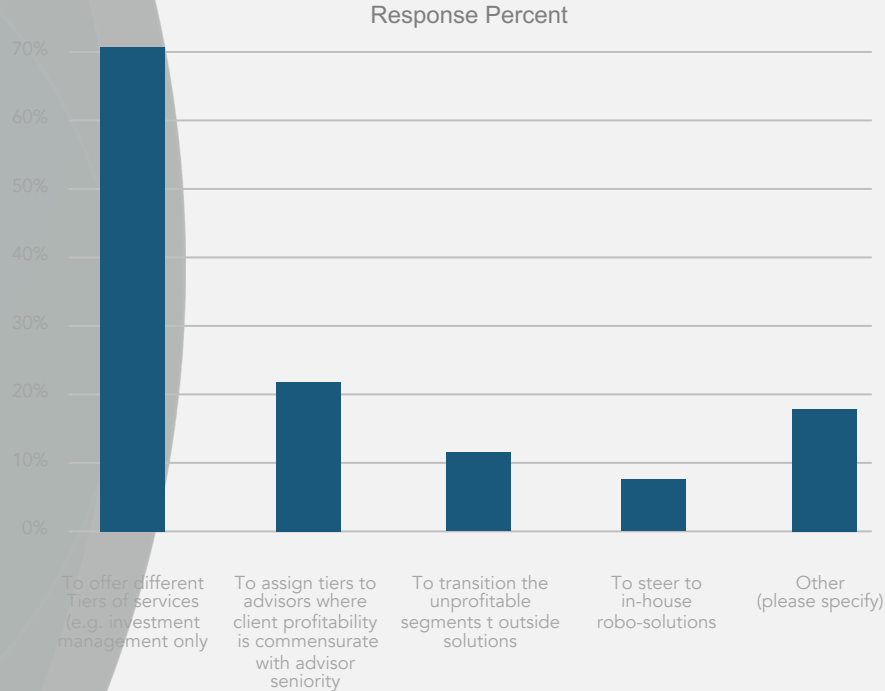
Do you segment your book of business based on: (check all that apply)



- 57% of Respondents indicated they segment their book of business based on **AUM**.
- 35% of Respondents segment their book of business based on **Revenue**.
- 47% of Respondents segment based on **Needs**.
- Only 25% indicated they segment based on **Life stage**.

Skipped Questions – 0
Answered Questions- 360

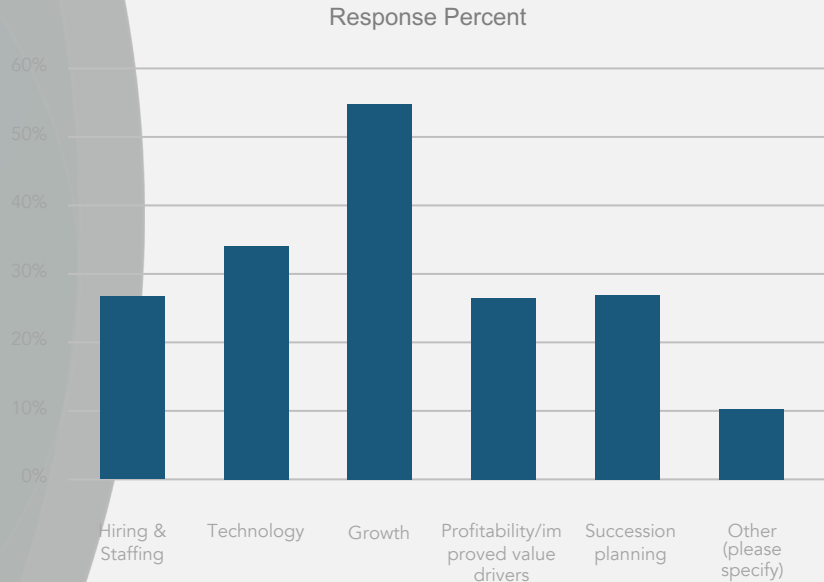
Why do you segment your book of business? (check all that apply)



- 71% of Respondents indicated that they do segmentation to **offer different tiers of services**.
- 22% of Respondents indicated they segment to **assign tiers to advisors where client profitability is commensurate with advisor seniority**.

Skipped Questions – 0
Answered Questions- 360

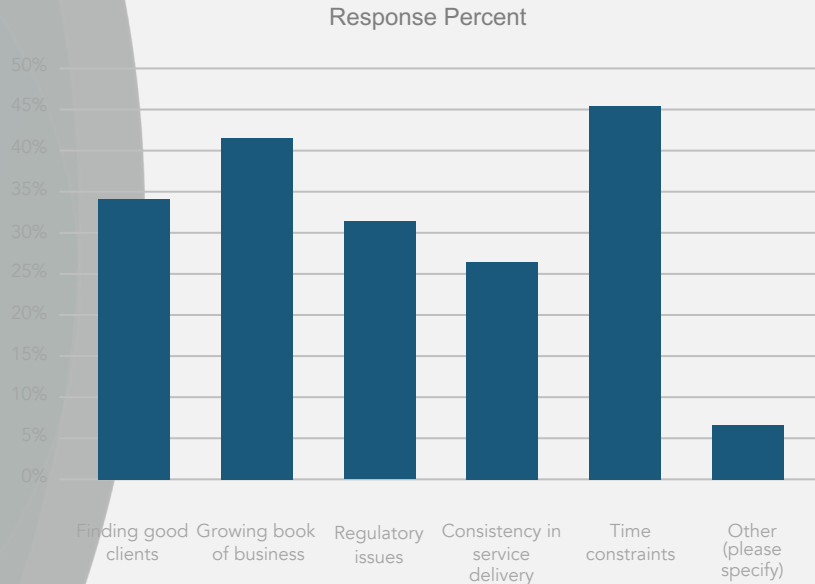
What is your biggest strategic initiative for 2019? (check all that apply)



- 56% indicated that their biggest strategic initiative for 2019 is **Growth**.
- 35% of Respondents chose **Technology** as a strategic initiative.
- 27% of Respondents chose **Hiring & Staffing, Profitability and Succession Planning** as strategic initiatives for 2019.

Skipped Questions – 0
Answered Questions- 360

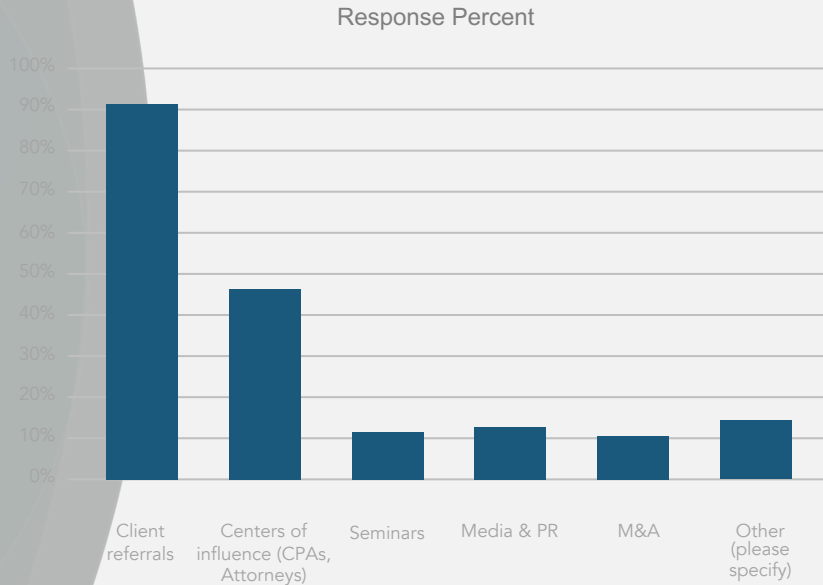
What are your biggest pain points in managing your practice? (check all that apply)



- 45% of Respondents indicated that **Time Constraints** are one of their biggest pain points in managing their practice.
- 42% selected **Growing their book of business**.
- 31% selected **Regulatory issues**.
- 34% selected **Finding Good Talent**.

Skipped Questions – 24
Answered Questions- 336

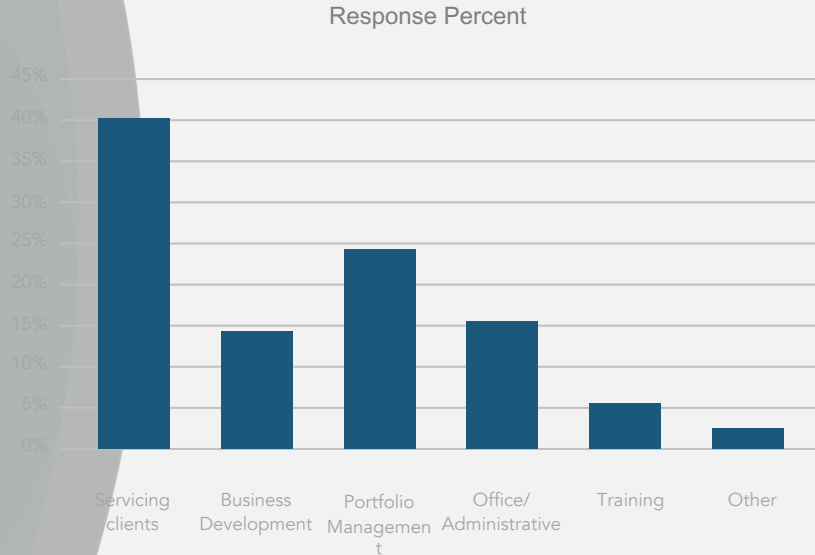
What are your primary sources of growth? (select up to three)



- 91% of Respondents indicated **Client Referrals** as their primary source of growth.
- 47% of Respondents indicated that **Centers of Influence** are a primary source of growth.
- Only 12% indicated **Media & PR** as a primary source of growth.

Skipped Questions – 24
Answered Questions- 336

How do you allocate time?

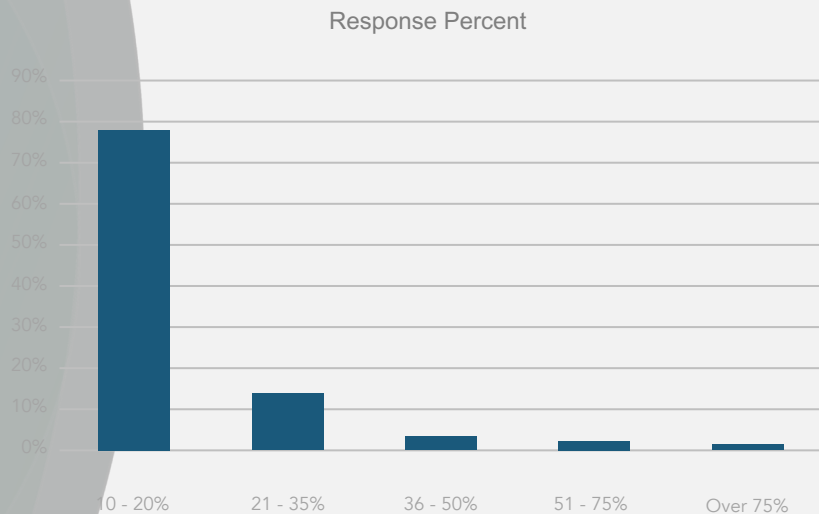


- Respondents indicated that 40% of their time goes to servicing clients.
- 24% of their time goes to Portfolio Management.
- Only 5% of respondents time is spent on training.

Note that respondents have chosen multiple options across all categories and total must add to 100%.

Skipped Questions – 24
Answered Questions- 336

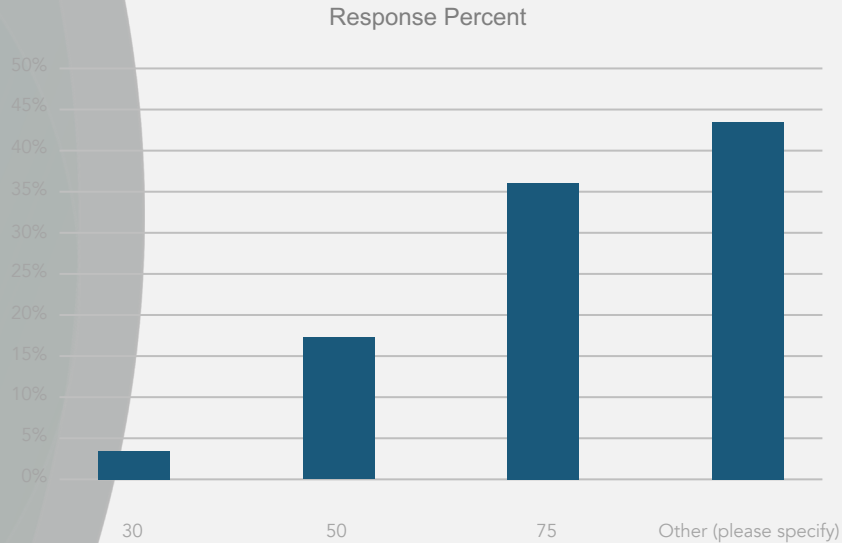
Of the time you spend servicing clients what percentage is for unprofitable accounts? (select one)



- 78% of Respondents indicated they spend 10-20% of their time on unprofitable accounts.
- 15% of Respondents indicated they are spending 21-35% on unprofitable accounts.
- Few Respondents indicated that more than 50% of time is spent on unprofitable accounts.

Skipped Questions – 24
Answered Questions- 336

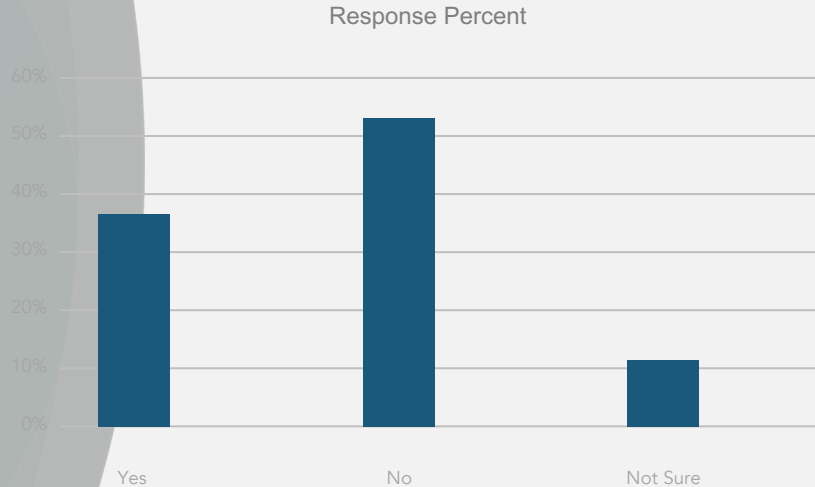
What do you consider the number of accounts for an advisor to be at capacity? (select one)



- 36% of Respondents indicated an advisor can manage 75 accounts.
- 17% indicated an advisor can manage only 50 accounts.
- The majority of respondents selected 'other' and many entered 100+

Skipped Questions – 24
Answered Questions- 336

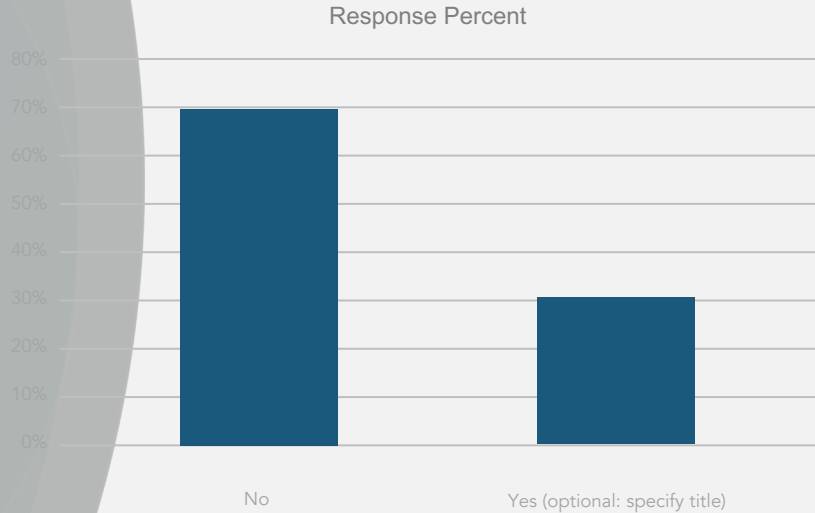
Do you have a formalized process for (or even a thought process) about transitioning clients who don't fit your ideal profile? (select one)



- 36% of Respondents indicated **Yes**, they have a formalized process for transitioning clients who do not fit their ideal profile.
- 52% indicated **No** they do not have a process in place.

Skipped Questions – 24
Answered Questions- 336

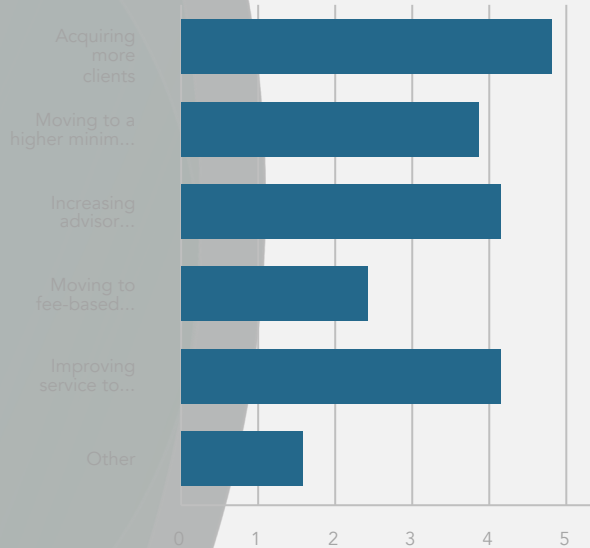
Do you have a designated function in the firm to analyze the performance of the firm's total account portfolio? (select one)



- 69% of Respondents indicated there is no designated function at their firm to analyze the performance of firm's total account portfolio.
- 31% indicated they do have a designated function at their firm, which varies from Research Analyst to CIO/CEO or President.

Skipped Questions – 24
Answered Questions- 336

What do you focus on to improve your firm's financial health? (rank order)



	1	2	3	4	5	6	TOTAL	SCORE
Acquiring more clients	44.09% 138	19.17% 60	16.61% 52	12.78% 40	6.07% 19	1.28% 4	313	4.79
Moving to a higher minimum AUM/revenue Per client	12.78% 40	25.24% 79	19.17% 60	25.88% 81	13.42% 42	3.51% 11	313	3.88
Increasing advisor efficiency through technology	15.34% 48	22.68% 71	34.50% 108	17.89% 56	8.95% 28	0.64% 2	313	4.16
Moving to fee-based recurring revenue	4.47% 14	7.99% 25	5.43% 17	14.06% 44	45.37% 142	22.68% 71	313	2.44
Improving service to increase retention and have higher referral rates	20.77% 65	22.36% 70	21.73% 68	23.32% 73	10.86% 34	0.96% 3	313	4.16
Other	2.56% 8	2.56% 8	2.56% 8	6.07% 19	15.34% 48	70.93% 222	313	1.58

Skipped Questions – 24
Answered Questions- 336



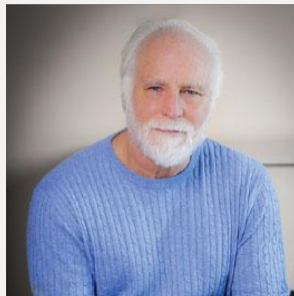
Six Key Takeaways

- **Growth** - 56% of advisors say this is their primary focus.
- **Time** - 45% say lack of time is their biggest pain point.
- **Minimums** - 61% do not have or enforce an AUM minimum.
- **Capacity** - Majority believe 75 accounts/advisor is ideal.
- **Segmentation** - AUM or revenue based segmentation is used by most.
- **Advisors spend** 10-20% of their time on unprofitable accounts.

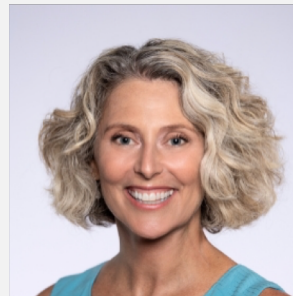
“Facet Unplugged”



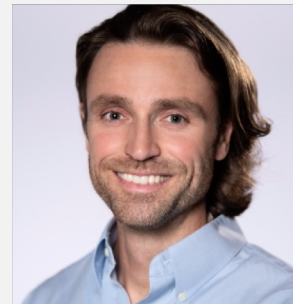
Justin Kermond is the Vice President of Business Development at Advisor Perspectives - the leading interactive publisher for RIAs, wealth managers and financial advisors.



Bob Veres is an editor and publisher of the Inside Information service for financial planners, monthly columnist for Financial Planning magazine, and author of *The New Profession*, a new book about the future of the financial planning profession.



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- Improve valuation

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Thank you!



Q&A

Thank you!