Things to consider.

Scaling your advisory firm with talent.

Do you have an effective talent strategy?

According to the 2024 Capital Group Pathways to Growth study, firms with well-defined talent strategies are 25% more likely to exceed their growth targets.[1]

People are the largest source of capacity and likely your largest expense. Maximize your firm's productivity and profitability by proactively managing your talent strategy.

Talent Planner.

It all starts with **planning**. Having clarity into what the ideal future state looks like can help answer questions such as:

1. Are we appropriately staffed to meet our business objectives? Deliver on our service model?
2. Where can we improve our talent strategy?

Approach #1: The love, stomach, hate exercise

The love, stomach, hate exercise is a qualitative approach shared by financial advisor Wilson Munoz of Northwest Wealth Planners, to determine who and when to hire.

Step 1 List all tasks you perform

Step 2 Categorize into things you love, can stomach, and hate doing

Step 3 Prioritize hiring for tasks you hate first

Step 4 Determine role specifics:

- Full-time vs. part-time
- W-2 employee vs. 1099 contractor
- Experience level required

Approach #2: Use metrics like a pro

There are a number of people (or productivity) metrics that are important to know and review at least annually on the **Talent Planner**. These metrics or key performance indicators (KPIs) provide insight on how productive your team is and when, and who to hire.

Consider metrics relative to **business objectives** (growth, balance/lifestyle, maximize value, maximize revenue). For example, for growth objectives, is there adequate staff to take on new clients?

▼ Recommendation if below the target range
▲ Recommendation if above the target range

KPI[1]	Growth	Balance / Lifestyle	Maximize Enterprise Value
% of revenue spent on people (all staff, including owners and incentives)	65-75% ▼ Hire to grow ▲ Increase revenue (increase pricing, new revenue, etc.)	55-65% ▼ Hire to improve balance/lifestyle ▲ Focus on efficiency	50-60% ▼ Invest in talent retention or firm growth opportunities ▲ Optimize talent ROI (i.e. productivity)
Revenue per advisor	\$600K - \$800K ▼ Increase revenue (pricing, new clients, etc.) ▲ Consider hiring	\$600K - \$800K ▼ If satisfied, nothing ▲ Reduce non-ideal clientele	\$700K - \$900K ▼ Increase revenue (pricing, new clients, etc.) ▲ Seek to maintain productivity
Revenue per staff	\$300K - \$400K ▼ Grow or improve staff efficiency ▲ Consider hiring	\$300K - \$400K ▼ If satisfied, nothing or increase efficiency ▲ Consider hiring	\$350K - \$450K ▼ Grow or reduce staff ▲ Seek to maintain productivity
Clients per advisor (outsourcing)	100 - 150 ▼ Grow with ideal clients ▲ Consider hiring	80 - 130 ▼ If satisfied, nothing or grow with ideal clients ▲ Transition non-ideal clients	90 - 140 ▼ Grow with ideal clients ▲ Seek to maintain productivity
Clients per advisor (not outsourcing)	70 - 100 ▼ Grow with ideal clients ▲ Consider outsourcing or hiring	60 - 90 ▼ If satisfied, nothing or grow with ideal clients ▲ Consider outsourcing, reducing clients, or hiring	65 - 95 ▼ Grow with ideal clients ▲ Consider outsourcing, maintain productivity or hire
Clients per staff	35 - 60 ▼ Grow with ideal clients ▲ Consider hiring	30 - 50 ▼ If satisfied, nothing or grow with ideal clients ▲ Consider outsourcing or hiring	30 - 55 ▼ Grow with ideal clients ▲ Consider outsourcing, maintain productivity with infrastructure or hire

Use metrics like your fuel gauge on your car. **Don't wait** until you're running on fumes or out of gas to refuel in life and business.

Whatever approach you choose, make it intentional & proactive.

Hiring

Use the **hiring checklist** to help get in front of the right candidates, be ready, and know where you are in the process:

- Develop a game plan to **attract** your next-best candidate
- Identify and know what your **interview** process will look like
- Get feedback, and **make a quick decision**
- Use SEI's **hiring checklist** to ensure a structured process

Not ready to hire a full-time employee? **Consider a virtual assistant** instead!

For 'easy button' job descriptions, consider an AI prompt: [attach service model .PDF] Create a job description, including objectives & key results (OKRs) for the following roles: [enter roles] for [enter firm name] in [enter location]. Incorporate OKRs that are common by role for an advisory firm, the provided service model, and brand from the website [enter website URL]. Write it for a growing firm that wants to create a high-performing, growth-focused culture, and who delivers exceptional service, impactful financial advice and results for clients.

Onboarding

Many financial advisors have a client onboarding process, few have a new employee onboarding process. Create a **30-60-90 day plan** outlining expectations and goals using **onboarding best practices**.

Consider creating an **accountability chart** that incorporates role objectives and key results (OKRs) to set expectations of what success looks like for each role from the very beginning.

Compensation

When you get compensation right, you aren't just rewarding performance, **you're driving it.**

Use industry compensation benchmarks to compensate competitively and also consider regional cost of living adjustments. Consider the following non-salary compensation components carefully:

Incentives short term (aka bonuses)

Document and clearly communicate your bonus plan tied to individual or team-based outcomes, **as well as OKRs**.

- Bonuses reward the right **behaviors and outcomes**. For example, firms in growth mode could align bonuses around growth activities or outcomes.
- Fund with strategic initiatives to **support sustainable growth** for the business and employees.

Avoid these common mistakes:

- Year-end “holiday” bonuses that are not tied to anything. These often become expected.
- Paying out on a revenue or grid model. As the business’ revenue grows, so do compensation expenses, which then makes improving a firm’s profitability challenging.

Incentives long term (aka profit sharing or equity)

The **risk** of ownership comes **reward** in the form of profit sharing.

Creating ownership paths can be a powerful way to retain and motivate future leaders and protect your succession plan. Be proactive—don’t wait to develop ownership paths in response to a key employee’s request or due to their exit.

There are many ways to structure long-term incentive compensation **for key employees**. An important first step—regardless—is to **get a firm valuation** to understand how much your practice is worth today.

Other benefits

Having options such as health insurance and retirement savings plans (e.g. 401(k) with employer match) are important, but non-monetary benefits matter, too. Maximizing income is not the top priority for all employees. For many, non-monetary benefits such as **a positive work culture, flexible work arrangements, career advancement, and employee recognition** are also important factors.

Remember, the top performing firms in the InvestmentNews 2023 Advisor Benchmark Study did more with less. Literally, they spent less (largely on people) while managing more revenue.[2]

You don’t have to go it alone. Learn how our experts can help you, schedule a consultation.

Information provided by Independent Advisor Solutions by SEI, a strategic business unit of SEI Investments Company (SEI).
Visit www.seic.com/growthlab for more actionable ideas and advice.

1Capital Group Pathways to Growth study 2024
2InvestmentNews 2023 Pricing, Profitability & Compensation study
3Wilson Munoz is an SEI advisor since 2009