*Presentation:*At The Capacity Crossroads: 3 Visions For Scaling The Advisory Firm You Want

Presenter:

Michael E. Kitces, MSFS, MTAX, CFP®, CLU, ChFC, RHU, REBC, CASL is the Chief Financial Planning Nerd at Kitces.com, dedicated to advancing knowledge in financial planning and helping to make financial advisors better and more successful.

In addition, he is the Head of Planning Strategy at Focus Wealth Partners, the co-founder of the XY Planning Network, AdvicePay, New Planner Recruiting, fpPathfinder, and FA BeanCounters, the former Practitioner Editor of the Journal of Financial Planning, the host of the Financial Advisor Success podcast, and the publisher of the popular financial planning industry blog Nerd’s Eye View.

In 2010, Michael was recognized with one of the FPA’s “Heart of Financial Planning” awards for his dedication and work in advancing the profession.

*Session Description:*

Historically, the transactional brokerage models of financial advice meant that one could never have “too many” clients; at worst, advisors just focused on their biggest clients with the best repeat business opportunities. However, the rise of recurring revenue relationship-oriented models, from charging AUM fees to monthly subscription fees, introduces a material capacity limitation for advisory firms – any one financial advisor can only handle “so many” ongoing clients, before there simply isn’t enough time (or mental bandwidth) to serve any more. And with retention rates commonly 90%+ for most advisory firms, it’s virtually inevitable that any and every financial advisor will eventually hit their personal capacity wall after enough years in the business. Once they reach this Capacity Crossroads, though, advisors must make a decision about how to scale their firm going forward, as either a “Lifestyle” firm (maximizing income for the advisor and building a small team around them, but without any intention or desire to grow past themselves), a “Small Giant” that tries to grow focused businesses serving their particular type of clientele a particular way (and will accumulate more advisors/team over time to reach a growing number of those clients), or as an Enterprise-builders who aspires to build truly large advisory firm enterprise. In this session, we will explore the different approaches for how advisory firms scale, help advisors understand which type is the best fit for their own personal vision and goals, and give them perspective on what they should (and shouldn’t) be focused on based on their desired approach to scaling their advisory firm (i.e., what they should do/build, what they should hire, what they should NOT hire, and what they should outsource).

Learning Objectives:

* Review the history of finances as a business and the impact of the AUM model on the financial advisors’ capacity.
* Define the three types of firms: lifestyle, small giant, and enterprise-builders.
* Understand which type of firm best suits you and your vision.
* Identify areas of focus for growing each type of firm.
* Understand hiring considerations for each type of firm.