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The NextMove Instant Poll:

Customer segmentation can help boost client satisfaction, retention, and increase the quality of your leads, among other things.

Given its importance, how likely are you to implement a customer segmentation strategy within the next six months?

- Likely
- Somewhat likely
- Not likely
- Already have

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Hiring Help 101: How to Grow Your Team Successfully

Congratulations! You've grown your business to a level where you're ready to start thinking about hiring someone to run things on a day-to-day basis so you can concentrate on your clients. But where to begin? For many advisors, the growth process can be daunting. It can mean a change in business model, additional expenses, and adding another layer of complexity to an already difficult job. But while change can be scary, hiring help may be a solution for advisors who have reached a ceiling, but want to continue growing their business. Read on for some pointers to help you make the best hiring decisions for your practice.

Know precisely what you want a new hire to do

Before you hire anyone, you'll need to decide precisely which aspects of the job you want to retain and which ones you don't. For example, some advisors are really good at managing clients, while others are really good at managing portfolios. Figuring out what suits you is a critical step in determining who to hire.

To help you put things in perspective, consider writing down what you do for a week—how much time you spend with clients, how much on administrative work, operations, compliance, marketing, etc., suggests Mitch Vigeveno, chief executive of Turning Point Inc., a recruiting firm in Safety Harbor, Fla. While you're doing this exercise, determine what your time is worth and how ideally you'd like to spend your time.

Next, figure out precisely what you want a new hire to do. Clearly define your expectations and their responsibilities. The more you can create a clearly defined skill set, experience level and deliverables, the more likely you are to find qualified candidates, Vigeveno said. "If you don't know what you're looking for, you may find what you're not looking for," he said.

Consider your clients

According to David J. Mullen, Jr., a former advisor and branch manager who now writes books about top-level producers, the most successful reps concentrate on developing client relationships and prospects and establishing what the client experience will be. "Virtually everything else can be delegated," he said.

For an upcoming book *The Million Dollar Financial Advisor* Mullen interviewed 15 industry leaders with a collective average of \$1 billion in assets under management. He found that on average 75 percent of their time was spent interacting with clients and prospects. By contrast, he said, most advisors get so bogged down by administrative and other tasks that they don't devote the proper time to clients and prospects. "Why would someone who's worth \$500 an hour do anything other than \$500 an hour work?"

Don't be penny-wise and pound foolish

"A lot of time people want certain jobs done, but they don't pay for that performance," said Vigeveno of Turning Point. Don't be afraid to spend money. After you've created a written profile of what you're looking for, figure out what it's worth by looking at online sources such salary.com and talking to peers.

While paying for help can be expensive, you need to think of it like retained earnings; it's money you put back into the business for future growth, Mullen said.

For his upcoming book he asked the top advisors what percentage of their income they reinvested back into their practice, and the range was between 10 and 20 percent. Of that money, three-quarters was spent on funding the team. "The best way to put the money into the practice is to surround yourself with the right people to enable growth," he said.

Culture counts

When it comes to hiring help, John Shields, managing principal with MainStay Consulting Group LLC, can't emphasize enough the importance of the personality and culture of the firm. "You need to have somebody who you like to work with, who you admire, who you trust, who loves the business as much as you do. The personality of the people is on the same level of importance as the skills they bring to the firm," said Shields whose clients include financial advisors, registered investment advisors, hedge funds and brokerage firms.

Be selective

"Don't just hire the first person who comes along because you like him," cautions Turning Point's Vigeveno. He suggests advisors look at three to five strong candidates before making their decision. He also cautions them not to make a decision based on first impressions because it will color the way the rest of the interview goes. Ask tough questions to all the candidates, not just the ones you're trying to weed out. And remember, you don't have to do all the vetting yourself. If you're feeling bogged down by administrative tasks, consider hiring a recruiting firm to help you.

Consider outsourcing

Depending on your business, you might not need to hire a full-time employee. "There are amazing, amazing companies that provide all sorts of outsourced services," said Karina Sterman, an employment lawyer and partner with Ervin Cohen & Jessup in Beverly Hills, Calif.

For example, if finances aren't your thing, you don't necessarily have to hire a CFO. You might be able to outsource everything from bookkeeping to billing to collections on an hourly retainer or monthly flat fee. You can take a tax write-off for the outsourcing services and it's not a full-time commitment. And if you're not happy, you can find another firm.

As you get started on the search process seek out information about potential partners from other advisors, consultants, industry associations and your custodian. Always ask providers you are considering for references, and make sure you are comparing businesses that are similar to yours or those references will not be useful. It's also important to have a written understanding as to how you're going to compensate, what the outsource partner is responsible for, and a written policy on confidentiality and non-solicitation, Sterman said.

Don't forget the end game

Retirement may seem like a long way away, but it's important to consider your long-term plans when you make