



RIA alliances help independent advisers prosper

Groups help independent advisers share business knowledge and feel connected

By **Liz Skinner** | August 31, 2014 - 12:01 am EST

The RIA business was a lonely place when Brent Brodeski joined Savant Capital Management in 1992. He and founder Thomas Muldowney had no forum for talking with other registered investment advisers about how best to manage customer relationships or the back office, what to pay staff and other mysteries of running an advisory practice.

After three years, Mr. Brodeski set out to address this glaring lack of support. He helped launch Zero Alpha Group, an alliance of independent advisers who share business knowledge and best practices.

For its members, ZAG helped to level the playing field with wirehouse advisers, who dominated the industry then and had all

the practice management, technology and business expertise they needed from their home offices.

In the nearly 20 years since ZAG was co-founded, Savant Capital has grown from \$40 million in assets under management to \$4.2 billion — providing Mr. Brodeski with the means to enjoy extraordinary cabernets in his private wine cellar and tasting room. In fact, most ZAG member firms have matured to \$1 billion or more in AUM.

And just as the fine wines he collects mature and improve over time, Mr. Brodeski credits the development of robust relationships within ZAG over the past 20 years as a key element in its members' long-term success.

“There are a huge number of independent firms that start out strong and plateau at about \$300 million,” he said. “It's a hard concept to prove, but there's something interesting in that everyone in the ZAG group has done extraordinarily well.”

ZAG and other adviser alliance groups today help RIAs communicate with like-minded firms, and many offer various business support services such as marketing. In addition, some give member firms access to investments they would be too small to qualify for alone. Alliances have grown up along with the industry to the point that many are a resource for business owners looking for an exit strategy.

Although advisers have free or cheap practice management resources available from their custodians, broker-dealers and asset managers, those who join alliances say the bias-free advice and resources they get from other advisers can't be matched.

Lois Basil, founder of Basil Financial Group, joined what's now called the Alliance of Comprehensive Planners when she started her firm three years ago. She had been self-employed for a dozen years providing accounting services and had just passed the certified financial planner exam.

“None of that told me how to be a financial adviser to people,” Ms. Basil said. “ACP has given me that.”

Depending on the alliance, members usually pay annual dues — in the case of the groups featured in this story, between \$3,000 and \$50,000 — and usually have to commit to attending multiple events every year. The annual fees pay for industry speakers, conferences, technical help for online forums and other infrastructure support — and, in some cases, staff offering practice management services and training. Among the organizations in this story, only the Alliance of Comprehensive Planners is a nonprofit.

Members of ACP, which was the Alliance of Cambridge Advisors until four months ago, pay \$7,500 their first year for the tools and training about how to provide comprehensive planning services and run a retainer-based, fee-only advisory business. Members also pay \$3,000 in annual membership dues.

Ms. Basil said the group's method of calculating the annual retainer each client owes (based on income, assets, service complexity level and whether tax preparation and advice are provided) helped her avoid undercharging — a mistake many rookie advisers make.

The ACP's online forum also has been a great resource for her as a solo adviser. Recently she had a client coming in who needed to refinance college debt and she asked for suggestions on the group's online discussion board. Four members

responded quickly. Member suggestions are usually more on target than those found in general adviser online discussions because they're coming from advisers who are using the same model and have the same investment philosophies, she said.

"It makes me feel like I'm not operating by myself," Ms. Basil said.

That "adviser for adviser" mentality and advocacy is what makes alliances and even less formal study groups in which some advisers participate so valuable, said **John Furey**, founder of **Advisor Growth Strategies**, a consulting firm for advisers.

Reaching out to other advisers for guidance, and in many cases benchmarking business results against each other, is becoming especially important as independent advisers face fee and other pressures from online advice providers. Advisers looking to grow now have to figure out how to offer clients more services while operating more efficiently.

"Our business is evolving beyond how we do investments to full financial planning and delivering a family-office-like experience to clients," **Mr. Furey** said. "We need to become great business managers for ourselves."

More alliances may be a way to help that happen, and it would be great to see more develop, he said.

Mr. Furey's Advisor Growth Strategies is part of a unique alliance started two years ago by six advisory firm giants, including Mr. Brodeski's Savant Capital Management, Carson Wealth Management and Beacon Pointe Wealth Advisors. The Alliance for Registered Investment Advisors (aRIA) meets twice a year to discuss business management issues, and the group publishes its conclusions through white papers. Its members, all

of whom have different business models, are focused on firm acquisitions and how firms are valued and improved.

Other adviser alliances include the BAM Alliance, a group of 144 independent RIAs with access to a platform of business resources developed by Buckingham Asset Management; the Garrett Planning Network, made up of fee-only advisers who mostly charge by the hour; and the Peak Advisor Alliance, which also sells coaching services.

It should be noted that just because an entity has the word alliance in its name doesn't necessarily mean it is set up for communication among advisers. For instance, the Investment Advisor Alliance is a firm that offers practice management services but does not include the type of networking and adviser-to-adviser help that typical alliances include.

Although alliances might seem to compete with coaching services some advisers tap to up their game, most adviser coaches don't feel that way.

“Advisers meeting with other advisers is a great way to get different perspectives on issues,” said Kevin Nichols, director of coaching for the Oechsli Institute.

He said he's helped adviser clients implement ideas they picked up from adviser study groups.

Tim Maurer, a wealth manager at Buckingham Asset Management and director of personal finance for the BAM Alliance, said the value of such groups goes beyond the practice resources such as investment research and technical back-office assistance. It's more, well, human.

“We are relational beings,” Mr. Maurer said. “Alliances allow advisers to connect with other people and make them feel like they are comrades on this journey.”