

Ron Carson 'arrived' after investing \$52 million, grabbing Orion and TD talent and letting his hair down

Pumping out content 'like Netflix' and preparing for an Amazon fee squeeze, the Omaha entrepreneur is set to just keep investing in growth

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RiaBiz

Brooke's Note: Pity the reporter who writes about Ron Carson's new venture. Randy Diamond quickly learned there are so many layers and aspects. The question is whether what Carson has built is an advisory business maestro unveiling his master work in the prime of life at 53. Or whether The Orator of Omaha has created an organization in Carson Group and Carson Wealth Management with too many moving parts and too reliant on his giant personality. Not that Carson is asking those questions or betraying anything that sounds like doubt in an interview I did with him in the editing phase to be sure I was getting the whole drift. He kept returning the conversation to his vision, which includes soon having to compete with Amazon and other great data-rich e-commerce companies on price, web experience and marketing power. Carson discussed how he sat beside Mark Hurley at a Fidelity M&A event and got a refresher course on Undiscovered Managers. He buys the Hurley vision but on steroids with Amazon looming. In short, Carson, looking a touch the mad professor in his beard these days, is thinking like one and applying a whatever-it-takes approach that includes poaching local Omaha talent from friends. But in typical Carson fashion, he talks it through with his targets amicably. Right, Eric Clarke?

Ron Carson circa 2018 looks like he's just returned from an arduous journey of the soul -- or at least a guy who got a peek into the financial abyss as a giant wager hung fire for half a decade.

The once clean-cut Midwesterner and CEO of Carson Group Holdings, who's put \$52 million down on the "bet of his life," now sports a beard, shaggier hair, takes selfies and is hiring millennials by the dozens. See: [What to make of Ron Carson selling 29% of his empire for \\$35 million -- and how he's evolved his no-pain, no-gain approach to attract a new generation of talent.](#)

In July 2016, Carson raised \$35 million in exchange for 29% of the holdings in his three Omaha, Neb.-based companies. In addition, he said in 2012 that the new venture was being

funded internally -- starting with \$20 million in lines of credit and cash from Carson Wealth Management.

During that quiet period Carson decided to take all the best qualities of TAMPs, OSJs, roll-ups, software companies, Netflix and Amazon -- then layer in his own great sales and motivational gifts -- to create an irreplicable place for advisors to live with a balance of autonomy, scale and family life.

Six years later, after a quiet (for him) period, Carson is making noise again.

'Pins and needles'

"I'm not on pins and needles anymore," he says. "We have arrived."

The motivational speak/financial advisor/entrepreneur is pronouncing by press release and in interviews that he has a clear shot at success after reinventing Omaha, Neb. company, winning some assets and putting \$3 billion in the pipeline. See: [Ron Carson launches roll-up/TAMP-like venture with Envestnet, TD Ameritrade and Advizent as puzzle pieces.](#)

Not that he can relax.

Carson continues to make capital investments like crazy and continue a hiring spree that will ultimately add another 40 to 50 employees to his staff. Carson plans to spend \$28 million in the next two years -- \$18 million of that amount in 2018 --and a full \$80 million by 2020.

Sixty independent RIAs have joined Carson Group and use its software. Those RIAs also use some of Carson's investment strategies, contributing another \$3.7 billion of advised assets.

Playing the spread

Carson Wealth Management also runs three of its own RIA businesses. One's in Omaha; another in rural Vincennes, Ind., a town of 18,000; and a third in San Rafael, Calif., a middle-class city nestled among the upscale hamlets in Marin County, near San Francisco. Combined assets under advisement for the three offices total a mere \$1.1 billion, but the entrepreneur is also making money through his independent network. Those partner advisors pay as much as 85 basis points, or low as 10 points, according to the ADV2. Carson adds that advisors layer their own fees on top of that amount.

On the marketing front, Carson sets up websites for advisor affiliates and then provides the content to pump through them. "I feel like Netflix," he says.

Carson insists his enterprise will be one of 20 super-RIA firms standing 20 years from now as part of a wave of industry consolidation that will include practice mergers and Amazon's entry into the business.

There's merit to Carson's three-pronged, diversified attack, says John Furey, principal and founder of Advisor Growth Strategies LLC.

"What makes Carson unique is that he is approaching the market in three different ways, not one," he said. "It gives him a better chance of success."

Yet the hit-the-gym-at-5 a.m. Carson allows that hard work and smarts alone won't be enough to reel in the \$3 billion of pipelined assets Carson says will come from the new wealth affiliates joining his network. (Carson says, "we have \$1.2 billion that is onboarding in motion.")



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What Carson didn't fully grasp was how many high-quality engineers he would need to find in Omaha to make the software work -- and the unusual circumstances that would lead to him being able to hire them.

"If I knew then what I know now," he says.

(Friendly) software wars

Many of the key hires required poaching talent at two of his key Omaha-based partners -- Orion Advisor Services, LLC and TD Ameritrade Holding Corps. Carson uses Orion software and CEO Eric Clarke is a friend. Carson says he was able to continuously talk through the

hires with Clarke to keep the process from becoming adversarial. See: [Ron Carson chooses Orion-Salesforce software for his \\$5-billion RIA as he lines up an additional \\$3 billion](#)

"We actually promote the openings our advisors have and when appropriate encourage our staff to take advantage of them," writes Clarke in an email from Spain, where he is traveling. "It's a great career path for our team members and comes back to pay dividends to us as they know our systems so well. Ron has a great team and a great work culture."

Carson understands what he needs to do to reach his ambition of being a major national player, says Furey.

"He is leveraging his platform," Furey says, as he grows all three of his businesses.

The centerpiece of Carson's expansion plan is the \$52 million he's spent over last five years to enhance the software sold to affiliates -- software designed to help with everything from client investment goals to portfolio management and the middle and back management of an advisor's office. See: [The T3 Enterprise Conference showed the dark side of the RIA software business in Vegas.](#)

25% stakes

But the engineering involved in creating all these tools isn't all in Carson's control.

"We had to wait for some of our custodians to develop technology, right now were waiting on a key piece from Radnor, Pa.-based [eMoney Advisor LLC](#), that will take our integration to the next level with them," he says. See: ['No BS' Mike Durbin leapfrogs up the Fidelity Investments ladder but can he serve RIAs, eMoney and Abby?](#)

"Our momentum is accelerating," said 53-year-old Carson, who started his firm with one RIA office back in the early 1980s.

Carson is taking 25% stakes in two of the 11 independent RIAs he says are joining Carson Wealth Management by March 31. His vision of increased assets has triggered a hiring spree at corporate headquarters. Carson is looking for 41 new people in an office with a current staff of 122. All told, it will be a 34% increase. Last year, Carson hired 21.



Carson is looking for 41

new staffers in his Omaha headquarters.

The plan involves not only enticing RIAs to use his software, but running money in investment strategies for some of the firms. Another part of his business involves a coaching academy, teaching RIAs to do better through one-on-ones, seminars and a glitzy annual conference in Las Vegas with rock bands and motivational speakers. See: [Eavesdropping: Ron Carson gets an electric reception at his PEAK event, and calms the waters surrounding his new RIA.](#)

Company statistics shows the coaching business also grew. Eleven coaches, up from nine the previous year, worked with 1,100 firms in 2016. As of Dec. 31, 2017, that the coaching program had more than more than 1253 member firms. Meanwhile, Carson Group affiliates have another \$10.8 billion in assets under advisement. With new affiliates, Carson expects figure to exceed \$15 billion by the end of the year. See: [LPL's biggest advisor rallies his proteges Nebraska style.](#)

Battleship

“To be in this business and to compete with Amazon, which will be in our business, and Google and Apple ... you better have something more than I am going to guess what the market does and charge a fee,” Carson says. “And to build that out properly, it takes a lot of money, which means you have to have a lot of assets to spread that around.” See: [Greg Friedman buys 'needle-in-a-haystack' Seattle RIA.](#)

He talks about lower fees as another issue leading to industry consolidation.

“Fee compression is real,” Carson continues. “You've got to be big to I think to survive and that's going to be more obvious in the future. No different from all the accounting firms, you're going to have some big national players, you're going to have lots of little niche players, but being a battleship, not a canoe, in the seas of today makes more sense.” See: [Fidelity warns on the fees RIAs charge as growth of their practices falter yet lower prices aren't the answer.](#)

Carson was [LPL Financial's](#) top-producing advisor for 25 years, before largely leaving in 2011 to go independent. He now has RIA assets with all the major custodians like [TD Ameritrade](#), [Schwab Advisor Services](#) and [Fidelity Clearing & Custody Solutions](#) and transactional assets with [Cetera Financial Group](#).

But in an industry full of dragon slayers out to prove they can be a national RIA-conqueror, Carson also faces intense competition from other players, like [Creative Planning](#) of Leawood, Kan., [Edelman Financial](#) and [United Capital Financial Advisers](#) of Newport Beach, Calif., which sells its software to RIAs as part of its own affiliate network. See: [After spending millions and getting cozy with Salesforce, United Capital is morphing, maybe big-time.](#) That's not to mention all the roll-ups, Dynasty-types and TAMPs.

Furey says that despite the consolidation trend, a small group of national RIA players will survive to serve niche firms, for example practices catering to divorcees. Out of luck will be generalist RIA firms with AUM in the \$500 millions with one or two advisors. “They will have no place to grow,” says Furey.

Constant coaching

Despite the prospect of a swath of mezzanine-tier RIAs going out of business in the next two decades, Carson has no qualms about coaching RIAs on how to stay in the game and telling them what they need to do to survive.

Coaching at Carson doesn't end after a firm's one-year contract expires. RIAs pay a monthly fee, which includes the privilege of spending even more money -- \$649 to be exact --the 50%-off discounted price of attending Excell, the annual Carson Group Coaching (formerly Peak Advisor Alliance) convention in Las Vegas. See: [Monica Lewinsky is giving a keynote at Ron Carson's Peak conference.](#)



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The 2018 speaker roster this spring at the Aria Resort and Casino includes Arianna Huffington and Carson himself, as well as and other motivational speakers who are tech and startup innovators. Blues Traveler will give a private concert. Last year's conference drew more than 1,300 participants.

Carson Group Coaching succeeds because RIAs "feel isolated," Furey says. The coaching and the conferences offer peer support and positive reinforcement.

"What's happening is a lot of independents feel they are on an island," says Carson. "They are starving to belong to a community and they are starving to know what is the next thing they need to do."

Carson said the idea of the coaching business dates back more than three decades after he set up shop back in Nebraska and built a successful RIA business. "People asked me how was I growing so fast out in the middle of nowhere where there's gravel roads, fighting the Indians and no electricity, because that is how they perceived Omaha," he said. "So they would come spend a day, a half of day. As word spread, it consumed a lot of my time and I said, 'you know what, I should just make a little business out of it and bring everyone in at the same time.'" See: [How Omaha is emerging as the RIA business' center of gravity.](#)

That was back in 1993. "The business has just exploded since then," Carson says. "We have added 158 new offices last year, which is our biggest growth year ever. Fidelity referred a lot of new offices."

Mountain climbing

These days, Carson has a full beard.

"I am getting old, I am 53 and I always have been clean cut, no facial hair," he says. "I kinda of got bored with it and I like the beard and it gave me a good reason to let it grow out for a couple of years."

In his spare time, Carson enjoys mountain climbing. He takes six-weeks off every summer as he attempts to compete his goal of hiking all of the 14,000-plus foot mountains in the continental U.S. So far, he has climbed 49 out of 68. See: [What I learned about our industry's toughness, endurance and character across four peaks, 28 miles and 7,500 vertical feet in Aspen.](#)

Looking forward, he is planning a talk called "life lessons from 68 peaks."

These days, none of Carson's new advisors are coming from wirehouses. "We've signed several pure RIAs."

Still, Carson has a fondness going back to his roots and it's not a far journey: Many of his member RIA firms trace their roots to LPL. See: [Ron Carson quickly sees benefits of converting his practice to an RIA.](#)