



## **PRACTICE MANAGEMENT: Advisors Team Up To Serve Clients**

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NEW YORK (Dow Jones)--Financial advisors are finding strength in numbers.

Even as they strive to be the trusted advisor to whom clients turn for assistance with all their money matters - from trusts to retirement to insurance - advisors recognize that they can't be experts in every area. So, a growing number of them are teaming up with colleagues to deliver a full range of services to investors and focus on the tasks for which they are best-suited.

The teaming concept isn't new but it is becoming more pressing as investors, and their needs, grow more sophisticated. Large Wall Street firms, including units of UBS AG (UBS), Citigroup Inc. (C), Wachovia Corp. (WB) and Merrill Lynch & Co. (MER), are encouraging tie-ups in the hope that well-run teams will keep clients, and advisors, happy and bring additional assets to the firm.

"In order to exist in the industry long term, you must be starting a team or joining a team," says Krista Sheets, president of Paragon Resources Inc., an Atlanta-based management consultancy that assists advisors in forming and running teams. "You cannot be a one-person band any more."

In the U.S., about a third of UBS's 7,400 advisors and a third of the 13,000 advisors at Citigroup's Smith Barney unit work on established teams. Almost half of Merrill's 14,650 U.S. advisors work in teams, up from a quarter a decade ago. Firms distinguish between teams and informal alliances, in which advisors work periodically with colleagues or outside experts.

Proponents say teams grow faster than individual advisors, have systems to better serve clients and offer continuity for investors when advisors leave. They can also help advisors with their own succession plans.

Teams aren't for everyone, though. Some advisors are reluctant to give up the autonomy they enjoy in their own practices, while others may have trouble finding partners who share their vision or work ethic.

To be sure, effective teaming involves more than simply joining forces with a buddy or picking up a junior advisor. Advisors should first analyze themselves and their practices, determine where they want to take their business, and then seek out teammates with complementary skills and goals.

"Teams are a lot like marriages," says Paul Blease, Smith Barney's director of team development and consulting. Both hinge on finding the "right person for the right reason at the right time."

An advisor's experience, client base, work style and future plans shape the team structure and choice of teammates. Advisors should seek team members they trust and respect, who share their vision and who have complementary, rather than identical, skills and personalities.

Large brokerage firms have internal consulting groups to help advisors create new teams and run existing ones more efficiently. Smith Barney also plans to introduce next year a second track in its new-advisor training program for those who plan to join teams.

Consultants, both inside and outside brokerage firms, use a variety of assessments, such as the Myers-Briggs personality test, to help advisors identify their strengths and weaknesses and pinpoint gaps in their practices. They can also help teams develop, or adjust, business plans.

It is easiest for advisors to team up with colleagues within their own firms, though smaller branches offer fewer options than larger ones. Branch managers, who know their advisors well and are familiar with advisors at other firms, can serve as matchmakers.

As they seek out teammates, advisors must also think about the roles, responsibilities and structure of the team.

Some of the most common team structures include: vertical, with a hierarchy of junior and senior advisors; horizontal, or equal partners with complementary skills such as a rainmaker and number cruncher; and hub and spoke, with a relationship manager serving as the main point of contact for clients and subject matter experts stepping in as needed.

Sheets, of Paragon, says every team, regardless of its structure, must have people driving the business's three key components: sales and marketing, client relations and the development of financial plans and asset allocations.

And Blease, of Smith Barney, says team members should present themselves as equally valuable to clients, even if one of them is really in charge.

"Clients shouldn't see a hierarchy," Blease says. "They shouldn't see some big, golden-robed financial advisors with all their minions scurrying around them."

A team's success depends in large part on the ability of members to do the type of work to which they are best suited and which they enjoy.

"It's the division of labor that becomes critical," says John Nersesian, who, as managing director of wealth management services at Nuveen Investments Inc. (JNC), assists advisors in running more effective practices.

The roles and responsibilities of each team member should be as specific as possible, says Susan Kornegay, director of financial advisor best practices at Wachovia Securities. Instead of giving one person responsibility for bringing in new business - a vague definition - it would be better to assign that person to join a networking club in the community or organize three seminars a month, she says.

Teams should also draw up agreements detailing their ownership and compensation structures and contingency plans in the event of principals' death, disability or dispute. Some firms, such as UBS, have standard agreements.

Compensation models can be a major stumbling block for teams and, as with their structures, there is no one, best formula.

Advisors should also be aware that teams can actually create additional work for advisors, especially in the beginning, as they require more coordination, communication and strategic planning than a sole practice.

Still, well-planned teams can reap long-term benefits for advisors and their clients.

"It's very important that the team function in a way that the whole is greater than the sum of its parts," says Phil Sieg, managing director and head of strategic leadership and development at Merrill Lynch.

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