

# The First 90 Days

## Success for breakaway RIA firms is driven by practical and cultural factors

For newly created Registered Investment Advisor (RIA) firms, the first 90 days after launch can be both exhilarating and daunting in equal measure. On the one hand, firms get their first taste of independence as they begin to shape a new enterprise and new culture to match their vision. On the other hand, the first few months are pressure-packed with decisions they are now responsible to make as business owners regarding people and processes, client retention and everything from compliance to desktop technology.

Regardless, going independent continues to be an attractive option for financial advisors. In fact, research indicates that by 2018 the RIA model is projected to have a 28% asset market share.\* In our three-part video series—Secrets Behind Success—we interviewed leaders of three successful breakaway firms to explore the factors that drive a successful transition.

The third video in this series—The First 90 Days—delves into the practical and cultural factors that come into play in the early days of the new business. On the practical side of things, these themes emerged:

**Identifying Your Resources.** Strong starts require great foresight and coordination. Engage the right external partners for certain services and clarify the roles to be performed in-house—while striving to erase potential seams and gaps between those two complementary sets of resources. Margaret Dechant, CEO and Partner of 6 Meridian, credits her Pershing transition manager as “our go-to person that has given our team comfort and support all along the way.”

**Staffing Up.** Carefully define the team members you’ll need, their must-have skills and how they’ll work together. Then, despite the many demands on your time, make recruiting a high priority. As Michael Piotrowicz, President and Senior Client Advisor of Legacy Advisors, emphasized, “Putting the right people in the right seats is critical.”

**Solving Problems.** Even with great planning, a new RIA firm (like any business) will encounter unforeseen issues that demand decisions and solutions. Staff members will be able to handle many of these decisions, but don’t hesitate to lean on outside experts, too. Jack Petersen, Founder and Managing Partner of Summit Trail Advisor, noted that he and his team relied heavily on outside partners to work through the “breathtaking pace of activities” during the first 90 days.

Our video interviewees also emphasized the importance of instilling the right culture from the start. On the cultural side of the house, these themes emerged:

**Empowering the Team.** Engage staff and encourage open dialogue. Solicit their best ideas. Empower them to solve problems. Their excitement will energize the office. Margaret Dechant remarked that, since the transition, her team is “excited and “taking ownership for what we’re going to deliver to our clients in the future.”

**Keeping Clients at the Center.** Despite the twists and turns of starting a new firm, clients must be treated to as smooth a ride as possible. This means that, from the top of the house, there must a disciplined process for ensuring that clients are engaged, informed and heard. When everyone plays his or her role well, the conversion process can be accomplished with minimal client attrition.

**Keeping a Positive Mindset.** In times of rapid change with far too many surprises, it’s important to keep a positive attitude—to keep your eye on the goal. Soon, startup problems will diminish, but the teamwork and camaraderie that are built in those turbulent times will endure.

The first 90 days are critical for a new RIA firm, but what we see is when firms carefully address the practical and cultural dimensions of their new businesses, they will emerge with strong momentum and an identity that sets them apart from the competition. They may find themselves asking, as Jack Peterson did: “Why didn’t we do this sooner?”

In addition to this video about the first 90 days of independence, you also might enjoy the other two videos in

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our Secrets Behind Success series: The Catalyst explores what drives certain advisors to consider independence, and Making the Break highlights their transition from being part of a large financial organization to forming their own RIA firms.

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## About the author

### Ben Harrison

Ben Harrison is a Managing Director for Pershing Advisor Solutions, a BNY Mellon company. Ben is head of Business Development and Relationship Management and a member of the Executive Committee for Pershing Advisor Solutions. Previously, he led business development for advisory marketplace solutions on the West Coast.

Prior to joining Pershing Advisor Solutions in 2006, Ben served as vice president of regional sales for TD Ameritrade Institutional. He started his career with TD Waterhouse Institutional and has spent the last 18 years serving registered investment advisors. In 2008, Ben was nominated by the Pershing Advisor Solutions' Executive Management Team for exemplary leadership and recognized by The Family Wealth Alliance as a top leader under the age of 40. Ben was a 2010 Chairman's Circle Honoree recognizing outstanding performance within BNY Mellon. Ben is currently a Board Member with Foundation for Financial Planning.

Ben earned a Bachelor of Arts degree in Economics Management from Ohio Wesleyan University. He has also completed the Securities Industry Institute® program, sponsored by the Securities Industry and Financial Markets Association (SIFMA), at the Wharton School of the University of Pennsylvania.

### Sean Keenan

Sean Keenan is Director of Business Development at BNY Mellon's Pershing Advisor Solutions. In this role, he leads a team of business development officers who are responsible for the execution and delivery of Pershing's strategic institutional initiatives, including: growing existing RIA market share, recruiting breakaway teams and partnering with family offices, as well as delivering the BNY Mellon enterprise to help Pershing's clients develop their businesses. Mr. Keenan spent nearly a decade as a Director at Ameritrade Holding Corporation, and also served as Vice President of Sales for Fidelity Institutional Wealth Services. He earned a degree in Business Administration from the University of Nebraska at Omaha.

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