

# Why Hiring a Next-Gen Advisor Can Be Good for Your Business



In the past, becoming a financial advisor—often referred to then as a stock broker—meant working for a wirehouse, making cold calls to build up a book of business. It was a rite of passage for anyone aspiring to break into the industry.

But the financial advisory landscape is changing, as many advisors shift from selling products on commission to creating comprehensive plans for a fee. And, there's a different mind-set among the next generation that will require new thinking.

Many millennial advisors—those in their mid-20s to late 30s—do not consider themselves salespeople like the generations that preceded them. They have professional degrees and designations and are looking to join a firm to help service existing clients. While they will eventually want to build a book of business, they're not interested in joining a sales force and spending their days flipping through the phone book to find potential clients. Those who have gone the sales route by joining a wirehouse are not finding much success—according to Cerulli Associates, the dropout rate for new advisor trainees is somewhere between 70 percent and 80 percent.

This may explain why the average age of a financial advisor today is 51, and only 10 percent are younger than 35. With 38 percent expecting to retire in the next 10 years, it's possible there will be a severe shortage of advisors within the next decade.

So, what does this mean for you? While these numbers paint a bleak picture, they may also point to a big opportunity for your business. Take a moment to consider the following questions:

- Are you looking to grow your practice?
- Do you need to implement a succession plan?
- Will your current clients soon be transferring their wealth to their children?

If you answered “yes” to any of these questions, then hiring a next-gen advisor may be the solution you need to set your business up for both present and future success.

## The Benefits of Hiring a Next-Gen Advisor

Over the next 25 years, baby boomers will transfer \$68 trillion to their children. According to an [InvestmentNews survey](#), 66 percent of children fire their parents' financial advisor after they receive an inheritance. Therefore, it's crucial that you find ways to connect with your clients' children now, so that they view you and your firm as a trusted, valuable resource that can help them manage their parents' estate when the time comes. And there are a number of ways that bringing on a next-gen advisor can help you do just that.

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**You can ensure continuity.** The children of your clients may not currently be as affluent as their parents, so you may not consider them part of your target market. But, if you don't build a relationship with them now, they may hire their own advisor and transfer their inheritance, leaving you scrambling to replace those assets. By hiring a next-gen advisor, you will not only have someone in your practice willing to work with these less affluent clients, but also someone who is more likely to build a rapport with them, helping to ensure that you don't lose out when the transfer of wealth happens.

You may also want to think about what will happen to your current clients in the event the unexpected happens to you. Do you have a succession plan in place? Will your business be transferred to someone your clients don't know? By having a young advisor on your team, you'll ensure that your clients continue to work with someone they trust, as well as cement your firm's legacy for many years to come.

**You can leverage next-gen technology.** The next generation tends to have expertise in areas like social media and technology. Hiring a younger advisor may enable you to expand your social media presence, as well as target a larger audience, by leveraging platforms like LinkedIn, Twitter, and Facebook. In addition, millennial advisors may have knowledge of software packages, such as MoneyGuidePro, RightCapital, or eMoney, that can help you expand your wealth management offerings and provide an additional level of service.

**You can expand your client base.** Maintaining a certain level of diversity can be paramount to growing your business. Look at your current book. Do most of your clients fit a demographic similar to your own? If your firm is staffed with younger, female, or minority advisors, it can make your firm more appealing and help you attract a more diverse group of clients.

## Narrowing Your Search

Once you've decided that bringing a next-gen advisor into the mix is a good idea, you'll need to determine who you should be looking for. There are several options and details to consider before starting the hiring process. By making the right decisions from the beginning, you'll save yourself a lot of time—and, potentially, money—in the long run.

**Hire an established advisor.** One option could be to look for an advisor with an established book of business. Making this kind of hire can help you keep your costs down, as the advisor will have an existing stream of income from his or her current client base. Of course, established advisors may already have their own way of doing business, which can make it more of a challenge for them to acclimate to your firm's culture and processes. It may also be more difficult to find candidates from this group. If they have their own established book, they may be reluctant to join another organization and risk losing their identity.

**Hire an emerging advisor.** If you have the time and money to spend on grooming someone to fit your business, you may want to think about hiring an intern or recent graduate. More and more colleges and universities are offering degrees in financial planning, so you have a good chance of finding someone with the knowledge to contribute to your practice right away. By hiring an intern, you can keep your costs low. Once the internship ends, you can decide whether you want to continue the relationship or if you're better off looking in a different direction. On the other hand, a recent graduate may have more knowledge and experience and will likely be committed to working with you for the long term.

**Hire from within.** Finally, the best option may be to look within your own practice. If you have tenured assistants, operations specialists, or researchers who already work for you, have you asked them about their career outlook? Do you know what their projected career path is? It's possible they are interested in becoming an advisor but don't know how to broach the subject. By simply having a conversation with them about their career aspirations, you may realize the next-gen advisor you're looking for is someone you already know and trust!

## The Importance of a Hiring and Training Plan

Realizing the importance of bringing on a next-gen advisor is a monumental step in the right direction. But without a plan, you and your new hire could both end up frustrated and parting ways simply because the expectations weren't clear. So, start by asking and answering the following questions:

**1) Why are you hiring, and for what role?** Do you need to hire a client service associate, or would bringing on a paraplanner better serve your business's needs? Or, would you benefit most from an associate advisor who could sit in on meetings and perhaps take over your "C" and "D" clients? Being clear on what role you're hiring for will ensure that the person you bring on truly meets the needs of your firm.

**2) Who would be the best candidate, and how will you set expectations?** Once you've defined the role you want to hire for, think about the qualifications and characteristics someone would need to succeed and thrive—both in the position and at your firm. In addition, be sure you set clear expectations with whoever it is you bring on. If your plan is to hire someone who will have little interaction with clients at the beginning, make sure the candidate is comfortable with that—and set a timeline for when you plan to move him or her into a client-facing role. Otherwise, you may end up with a frustrated employee who eventually seeks out another opportunity elsewhere.

**3) Where will you find qualified candidates?** Where should you begin your search for the perfect candidate? That all depends on who you're looking for. LinkedIn, Indeed, and the [CFP Board Career Center](#) are great places to find recent grads looking for opportunities. Those avenues can be cumbersome, though, as you may need to filter through numerous résumés before finding the perfect candidate.

Another option is to "go back" to college. A growing number of students are graduating with degrees in financial planning, and many of them will have taken the CFP® exam prior to graduation. The good news for you is that CFP® candidates will need two to five years of work experience before becoming fully certified. So, they'll be looking to advisors like you to gain the experience they need.

More than  
**100**  
colleges and  
universities  
now offer CFP  
board-registered  
programs.\*

If you live near a campus, consider teaching a class. This is your opportunity to impart your knowledge to the younger generation while meeting face to face with potential candidates. If a teaching opportunity is not available, or if you don't live near a campus, contact schools in your region to see if they'd be interested in having you speak to the students at an informal seminar. It's a great way for you to share insights about the industry and what you've learned, and you'll likely have a room full of motivated students looking for work after graduation.

## Continuing Engagement Post-Hire

Although you will have set expectations for a career path during the interview, it's important to reaffirm those expectations with your new hire. And by having periodic check-ins, you'll reassure him or her that you're committed to seeing the plan through. You'll also have a chance to address any concerns either of you may have. Remember, if your new hire expects to be sitting in on client meetings within the first six months and that doesn't happen, he or she may get discouraged and look for another opportunity elsewhere.

You'll also want to provide training and professional development resources to support your next-gen hire's growth. If you don't already have something in place, you may want to consider creating a more formal program to get new hires up to speed on everything they'll need to know to be successful in their role.

\*According to a [Financial Planning](#) survey

From creating standardized operations procedures documents, to setting up introductory calls with key contacts at your RIA or broker/dealer, to role-playing client conversations, there are a number of ways you can help your new advisor become comfortable with the ins and outs of how work is done at your firm.

Often, the biggest obstacle for advisors who want to bring on an emerging advisor is they don't feel they have the time required to serve as a mentor and to properly groom a new hire for success. But you shouldn't have to do it alone. Check with your partner firm to see if it offers any training or professional development programs aimed at helping new hires get started—any help you can get will take the burden off you and allow you to focus on running your business. At Commonwealth, we offer several programs to help new advisors become acclimated to our community and further develop their skills as producing advisors.

## Developing Your Firm's Future, Today

With the amount of money expected to pass to millennial and Generation X clients during the next several decades, there's never been a better time to invest in next-gen talent. As new technologies surface and the industry continues to evolve, you will no doubt benefit from having younger advisors on board to help you keep your firm on the cutting edge. And by the time you want to retire, you'll have curated a dedicated, experienced team that's prepared to uphold the legacy you've worked to create and lead your firm to a successful future.

Ready to expand your team? Learn how Commonwealth can support you today and as your firm evolves. Contact Andrew Daniels, managing principal, business development, at [adaniels@commonwealth.com](mailto:adaniels@commonwealth.com), or a member of his team at 866.462.3638.

## Commonwealth's Professional Development Programs for New-to-Firm Advisors

- Commonwealth offers many networking and educational opportunities that are second to none. Check out a selection of our programs designed to help prepare next-gen advisors for success:
- **Associate/Lead Mentor Program:** A yearlong mentorship program combining workshops and coaching calls that aims to develop associates into producing advisors through training and experiential activities
- **Commonwealth Advisor 101:** A two-day, on-site introduction to the Commonwealth resources that will best help new-to-firm advisors acclimate, grow, and prosper in their role
- **Commonwealth Advisor Live:** A three-day, intensive workshop geared toward helping associate advisors develop the confidence and competence necessary to become a functioning producer in your firm
- **NextGen Leadership Retreat:** A networking opportunity for next-gen advisors that promotes ideas and discussion around leadership, teamwork, building a brand, and stepping out of one's comfort zone