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Are You an Asset Manager or an Asset Gatherer? The Decision You MUST Make

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There are many questions you should ask yourselves when embarking upon a career as a financial advisor. Indeed, there are many questions you should ask yourselves when embarking upon the path of owning your own business. For an advisor who is about to go independent, the most important question is.....

Am I an asset manager or an asset gatherer?

I have written in the past about advisors wearing too many hats and spreading themselves too thin. The three most commonly worn hats are:

- Portfolio manager
- Business development executive
- Client relationship manager

Working at a wire house, you are surrounded by support and infrastructure and can dabble in each of the three roles above. As a sole practitioner or part of a small team you will fail if you do not identify the role which best suits you and adjust your focus to that. Remember, clients are coming to you for your

high-level thinking, not your multi-tasking skills. Are you demonstrating that quality when you are pulled in multiple directions?
Let's take a closer look.

To move from the mindset of an employee to an employer requires constant self-scrutiny. To answer this big question, you must consider four key points:

Performance – *Just how good am I at the portfolio management element of my business?*

The first part of this exercise requires honest analysis and ego being left at the door.

Too many advisors overestimate their ability when it comes to the asset management side of the business, often to their clients' disadvantage. Delusions of grandeur lead to poor performance. If leading fund managers struggle to beat the market, what makes you different in thinking you can outperform?!

Passion/Purpose – *What is it that gets me out of bed in the morning?*

One of the benefits of running your own business can be the autonomy to focus on what you are really passionate about. Is it the stock picking element, studying graphs and performance metrics for various investments? Or is it spending time in a business social environment – the golf course or a conference happy hour?

An entrepreneur can be everything from the mailroom assistant to the CEO in the early days of starting a business. But why did we even take this jump, if the end game is not to focus on having a real purpose? We left the guaranteed salary of the wirehouse to make a difference in the world, one client at a time. What are we passionate about? What do we want to devote more of our time to?

Trust – *How do I best repay the trust my clients place in me?*

Clients have placed a lot of trust in their advisor to oversee the management of their wealth and lifestyle. Some advisors believe they are not doing their job correctly if they are not as hands on with the asset management. In many cases, I say that they are not doing their job correctly if they are managing money themselves! There is zero shame in delegating to a trusted partner! An effective team is imperative.

Time – *Do I have the time to run portfolios to the best of my ability, while managing other aspects of my business?*

Let's look at a worst case scenario. Imagine an advisor runs client portfolios themselves. They are on a three day road trip meeting clients. During this time their eye will be off the market because they are in meetings; staying somewhere with limited connectivity; or driving. The s**t hits the fan and markets suffer a major correction and the advisor is out of pocket. Is this actually negligent not just unfortunate?!



Less drastic than the above, but let's address the time element in everyday situations. If an advisor is sitting in front of a screen placing trades they are not meeting with new clients. If an advisor is on the golf course trying to land the "big fish" they are not watching the market diligently. A classic case of jack of all trades, master of none. With one backside you can't sit in two chairs.

The Solution

Decide on which side you fall. Build a plan to get to the point where you can focus on your strengths and purpose. As an entrepreneur myself, I accepted that the wearing of multiple hats in the early days is inevitable. But there must be a detailed plan to get to the promised land. I know from personal experience that wearing multiple hats long term is unsustainable.

If you are an **asset manager**, partner with someone with complementary strengths who will focus on business development.

If you are an **asset gatherer**, you need to outsource the portfolio management element of your business. Five years ago, I accept the argument that small advisory businesses did not have access to quality support in the portfolio management space. I also accept that perhaps cost made this option prohibitive. In today's market quality OCIO (Outsourced Chief Investment Officer) solutions are available at a reasonable price. Do you want the comfort zone of your excuses or a map of the path to success?

It is time for advisors to stop wearing too many hats and focus on their strengths and reignite the passion that originally drew them to the industry.

For an advisor planning to go independent, be clear and decisive. The courage is in picking a lane that highlights your talent. The rewards for taking the entrepreneurial risk depend on it.

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Hillson Consulting is a boutique investment consultancy founded by financial services entrepreneur Richard Hillson. The company helps independent advisors enhance and improve their offerings and drive revenue through alternative investments. We empower you to differentiate from competitors through our three pillars approach: education, access and bandwidth support.

