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WEALTH MANAGEMENT | ADVISER VOICES

Why Sole Practitioners Should Form Ensemble Advisory Teams

Informal partnerships among like-minded advisers can bolster client relationships and succession planning

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Eric Aanes is president and founder of Titus Wealth Management in Larkspur, Calif. Voices is an occasional feature of edited excerpts in which wealth managers address issues of interest to the advisory community. As told to Jacob Meade.



Mr. Aanes on working as an ensemble with other advisers... we enjoy the sense of camaraderie and osmosis of ideas that occur.
PHOTO: PHOTOS BY LORELEI

Advisers today face the challenge of increased industry competition, whether from index investing, robo advisers or other tech competitors. These pressures have stalled growth for many in the field, forcing them to search for a stronger value proposition. In my experience, one key way to combat these challenges and optimize your value to clients is to form a collaborative team with other advisers.

The advisers in my organization operate as an ensemble—that is, we are less formal than a legal partnership and advisers work with clients independently. We’ve found this more informal option affords everyone involved a greater degree of flexibility. If an adviser ever needs to disengage, there is no need to unwind the structure from a legal and tax perspective.

While allowing advisers to keep focus on their individual clients, an ensemble gives us economy of scale. And the relationship among us is still collaborative, since the group shares office space and communicates frequently on client solutions. We enjoy the sense of camaraderie and osmosis of ideas that occur by forming a group.

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Creating an ensemble is also a great way to build presence in and connection to your community. As a one-person shop, it can be hard to establish yourself in your region,

while working in an ensemble gives advisers more opportunity to meet and bring on new

clients. Each adviser can possibly work with more assets under management, since he or she has a wider network of professionals to lean on for help. And advisers can give clients an extra sense of security by letting them know they have peers they can readily turn to if they need to call on someone else's expertise.

Working with an ensemble allows for a smooth succession plan when the time comes for you to retire and clients need to work with a new adviser. Since there are already other advisers generally familiar with your client, you can work on transitioning your client to work with them without threat of a break in service.

In addition to long-term planning solutions like these, a group environment also enhances the day-to-day quality of service you can offer clients. At my organization, we don't need to rely on voicemail during the day because someone is always present to answer phone calls. That level of service and availability just isn't possible if you're a one-person practitioner.

In addition to the collaborative and service advantages, joining an ensemble can enable you to leverage a host of extra resources. Combined website content, media campaigns, support staff and suite of technology products all provide a stronger foundation for each individual adviser. Such a foundation has the effect of freeing up extra time, which you can use to build valuable and holistic relationships with clients. I've found that those deeper relationships, and the sturdy financial road maps they help create, truly benefit clients and will differentiate advisers from competitors.

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