

The COO Roundtable with Matt Sonnen

Episode 53 – Featuring Julie Higgins & Kevin Galvin

[00:00:04] **Luke Sonnen:** Hi. I'm Luke Sonnen. Welcome to the *COO Roundtable* powered by Coldstream Wealth Management. Here's your host, Matt Sonnen.

[00:00:14] **Matt Sonnen:** Welcome, everyone to Episode 53. We have two great guests today that everyone is going to learn a lot from. I want to jump right into it. Joining us from Geometric Wealth Advisors, we have the firm's Chief Operating Officer, Julie Higgins.

Technically Geometric Wealth is headquartered in Washington, DC simply because that's where the managing partner, Andrew Leonard, is located, but Geometric's website reads, "While our advisors are based in Chicago, Denver, Minneapolis, New York and Washington, DC, Geometric serves clients in all major US metropolitan areas via a combination of virtual and in-person meetings."

We'll talk about the fully remote workforce and how you've structured the firm and how you've structured it so that you can serve them in a particular way. We'll go through all that in just a minute but before we get into all of that, let me first just say, welcome to the podcast, Julie.

[00:01:13] **Julie Higgins:** Great. Thanks, Matt. Really appreciate you having me here. Excited to be on and having this conversation with you and with Kevin.

[00:01:21] **Matt:** Perfect. Joining Julie is Kevin Galvin from Hopwood Financial Services located in Reston, Virginia. Kevin is Executive Vice President and Senior Advisor, and he works very closely with Herb Hopwood, the Founder of the firm on all things operations.

Hopwood was a fantastic client of PFI Advisors, and I always appreciated the way Herb and Kevin would divide and conquer the operational aspects of the firm. I know we'll discuss that shortly but again, first, let me just say, welcome Kevin to the COO Roundtable.

[00:01:53] **Kevin Galvin:** Thanks, Matt. Excited to be here. Thanks for having me.

[00:01:56] Matt: Great. Well, Julie, I'm going to go to you first. Why don't you tell us just a little bit about Geometric Wealth Advisors?

[00:02:01] Julie: Sure, Matt. Happy to. Geometric was founded in 2015. The firm is about eight years old. We manage about \$600 million in assets and our revenues are approaching \$5 million. In terms of growth, revenues have been growing at about 40% per year over the last couple of years. We've had a nice growth trajectory, projecting that to slow down a little bit in the coming years looking at trying to achieve 20% to 30% growth over the next few years.

Our team, you mentioned that we are remote. That's true. We have 21 people, and they are spread across the country. That team includes five advisors and a three-person in-house task team.

We offer comprehensive services, not just portfolio management, financial planning, and tax planning, but also the tax preparation and filing, hence that in-person tax team.

We serve a pretty focused piece of the market. We specialize in serving partners at top-tier management consulting firms. That's specifically Bain, BCG, and McKinsey if you're familiar with those firms. We have about 180 client families and somewhere around 130, 140 of those are either current partners at those firms or former employees of those firms. We are quite focused on that niche, and it drives a lot of what we do.

Even thus far, all of our advisors, the five advisors have a background in management consulting, and actually so do I. Our clients are on the younger side, the average is about 40 years old but generally age 30 to 50. They are still in that wealth-accumulating phase.

The last thing I'll mention in terms of being remote is just that that is not a new or COVID-driven thing. We have been fully remote since day one. You mentioned Andrew, our Founder in DC. Well, the second employee he hired was in Chicago and the third employee was in New Mexico. Both of those people are still with us and now at 21 [employees], we are in every single time zone in the US actually even including Hawaii. Definitely a spread-out team. Hopefully, that gives you a little flavor of who Geometric is.

[00:04:28] Matt: Perfect. Thank you. There's a lot of operational stuff we want to dive into. We're going to learn a lot from you, but I hope this doesn't turn into every M&A buyer attacking you after this. You say 40% growth, \$600 million of assets, and your clients are in the 30 to 40 [age] range. I know I can hear them now; every buyer is salivating right now.

Everyone's looking for that age of end client. Then your growth has been incredible. You mentioned, obviously, it'll slow a little bit. You're starting to get into the law of large numbers. That was a great overview.

[00:05:10] Julie: Definitely. Thanks.

[00:05:13] Matt: Well, Kevin, give us the rundown on Hopwood Financial Services.

[00:05:16] Kevin: Sure. Hopwood Financial Services, we're a registered investment advisor based in Reston, Virginia. Actually, right down the road from where Geometric is based. We were founded in 2003 by Herb Hopwood, our Founder, and CEO. We're up to 11 employees. It's funny to say up to because when I started, we had six or seven. We're modestly growing.

We have two individuals that are dedicated to the operations area. We have two what we call client service managers, and Herb and myself oversee that department. We have just over \$500 million in assets under management, 260 client households.

Growth rates, we've been growing more in that 12% to 10%, 15% range top line, at least the in last four or five years. It's been great to be a part of that. We have two business lines. We have fee-only wealth management where we charge a percentage of assets under management for that service. It's the traditional financial planning and investment management all wrapped in one.

We are multi-custodial. We'll get through this I'm sure in the operations portion, but we custody at Schwab and Fidelity. We do have two systems, two workflows, et cetera, to address that. Our typical client is a small business owner, corporate executive, and multi-generational family. Although it's not as niched as Julie's firm, we do have a focus on those three areas where we drive growth, incremental referrals, and clients of the firm.

I think what sets us a little bit different than the average RIA is we do have a second business line that's standalone financial planning. We've always believed-- and Herb's done this since day one, but clients need and are willing to pay for advice. We do have a Director of Financial Planning and a support advisor department that will do hourly and retainer-based plans for clients. That's a holistic financial plan from tax and estate, insurance, retirement investments. Hopefully, that gave you a little flavor of our business but happy to answer anything else you have.

[00:07:03] Matt: That's great. Well, my next question is just about your career path. You've been in finance your whole career, Kevin, but not necessarily in wealth management the entire time. Walk us through your career journey to where you are today.

[00:07:16] Kevin: Sure. I graduated from Georgetown University in 2004. Like most graduates, you have these recruiters come to your university and I was a finance and international business major. Of course, the natural career path for those type of people is investment banking or consulting. As a young 21-year-old, I didn't know what I didn't know at that time. I knew finance and international business were interesting

and what I liked to do. I love math. My father was a small business owner. I thought, "Hey, let me learn something about how the capital markets work and cut my teeth with investment banking."

I got a job right out of college at an investment bank up in Baltimore, McCovey Securities. Now, it was acquired by Wells Fargo during the financial crisis. Look, I think that really set the tone for my analytical background in terms of how to buy companies, initial public offerings, and M&A but the problem was that I didn't feel fulfilled. It was great work, but wasn't fulfilling in terms of what I wanted to do my entire career.

This is a theme throughout my background is the network effect. When I was at the investment bank, one of the colleagues at my investment bank also had a friend who was running a hedge fund in the area. I loved it. Working at a hedge fund. I was a 24-year-old and I said, "This is great." I apply all my skills to the capital markets and find stocks that were their approach as a small-cap growth strategy. I had a great mentor here.

The two themes in my background are the network effect as well as having great mentors where I was. I had a great mentor in Jason Hodel. He's gone on to have a successful career in multi-faceted business lines after this hedge fund.

Then the financial crisis came. This is 2008. I took a step back and said, "Okay, what do I want? What's next?" I know when I graduated three, four years ago, I wanted to be involved in math and small business owner was interesting but then I said, "Well, what else do I actually - what am I good at?" I said, "Okay, well, math, problem-solving, and working with the end client is what I want. Where can I find that?" That led me to transition over to the RIA community and I've been here ever since. I was actually in Philadelphia before joining Hopwood Financial in 2015.

This was another network connection. My brother, I was living in Philadelphia at the time, and an RIA as an analyst up there, my brother covered the DC metro area as a mutual fund sales rep. I told him, I said, "Look, Brian, I just had twin boys. I need to find a firm." He knew what I was looking for in terms of my personality, my cultural fit, et cetera, and he put me in touch with Herb and [we] had probably four or five cups of coffee and maybe six months kind of song and dance and getting to know each other but ultimately, I was hired in 2015 and it's been great.

I guess what I would say with this is, if you're not feeling fulfilled, it's okay to try something new. I guess I wouldn't have found this current career path if I didn't take a risk and try something new if it wasn't fulfilling to me. Thankfully, I'm at a place now in a career profession that I feel like I make a meaningful difference, and it's been a great journey.

[00:10:14] Matt: That's great advice. If you're not fulfilled, take the guts to make a change. I just made a change recently myself, and then the other great piece of advice

is just that network effect and how valuable it is. I saw something on social media just recently about nobody needs resumes anymore. It's just all about your connections. I love both pieces of advice.

Julie, you're somewhat new to wealth management, but not to Geometric's client niche. You mentioned that you came from the consulting world, which is where all of the clients are. Tell us a little bit about your career path and what brought you to Geometric.

[00:10:53] Julie: Yes, sure. Happy to. My career path is definitely very different from Kevin's, but I also really hear those points about networking and mentors. Both pieces have played a big role in my career and how I've gotten to where I am, but Matt, as you said, I'm definitely a career changer. Before joining Geometric, I did not have any experience at an RIA or really financial services more broadly. I had spent the majority of my career in professional services and specifically management consulting at a business school.

I joined Bain in a client-facing capacity as a consultant, and I was there for a number of years. Then moved on to a smaller firm called Parthenon which was acquired by Ernst & Young while I was there. I spent seven years there in an operations capacity, very much a COO-like role. That's a little bit on my background. I think the story and how I ended up at Geometric, an important piece is that in 2019, I decided to take some time off of work and focus on family. My role at Parthenon was evolving in a way that I wasn't excited about anymore. Thinking about that passion or the excitement that Kevin mentioned, I wasn't feeling it anymore and decided that it was a good time to take a break, focus on family and reevaluate where I want to take my career next.

In July of 2019, I left my job with a one-year sabbatical in mind. I think, as we all know, about nine months into that sabbatical, COVID hit, and I very quickly found myself homeschooling two elementary-aged kids with a one-year-old by my side all of a sudden and that focus on family was even more important. My husband and I have said several times how lucky we feel that my sabbatical happened to overlap with that COVID experience.

I guess, needless to say, my sabbatical that was supposed to be one year extended into two years before I was ready to return, me and the family were ready for me to return to the workforce, but I think another important thing that happened to me while I was taking that break from work is anyone who has taken a break may know that you find time to do things that you have been putting off for a while.

For us, that was finding a financial advisor. My husband and I had been saying for a while that we really wanted to find someone to help us and to advise us. We were familiar with Geometric. We knew Andrew, the Founder personally, we were both ex-consultants, and we were very aligned with Geometric from an investment philosophy.

Andrew was quite naturally our first call, and we became clients soon after that first call. It all moved pretty quickly after that.

Fast forward, a year, year and a half later when Andrew called me and asked if I wanted to interview for a new COO position that they were pulling together, I was thrilled. I had just gone back into the workforce, had dipped my toe in a contracting position, but was actively looking for a full-time role.

While I wasn't specifically targeting the RIA world, I was thinking about a COO role at a small professional services firm.

Just to bring back that mentor point, that role that I had in my mind stemmed from a conversation that I had with my boss from Parthenon soon after I left. I was very conscious of what a break could mean for my career and making sure that I could get back into the workforce in a meaningful way. During that conversation, we were talking about where I might end up and he's like, "Julie, you would be great at a COO role at a professional services firm."

I did have that in mind. Having experienced the value that Geometric brings firsthand, I was obviously very sold on the value proposition. I had been super impressed with everyone on the team that I had interacted with, and I was really excited about the opportunity to bring some of what I had learned and experienced in consulting to a smaller firm. I just hit my one-year anniversary in May. It's been an amazing year, and I am just really excited and energized about what lies ahead for Geometric and what lies ahead for me as part of the firm.

[00:15:50] Matt: That's great. That's always my favorite question on the podcast is hearing everybody's story. Both of you have fascinating stories. Thank you for sharing both of those.

Speaking of my favorite parts of this podcast, so our loyal listeners know that the driving force behind me starting this podcast four and a half years ago was this enormous chip on my shoulder that our industry, in general, our industry undervalues the role of operations, but you both have a unique perspective on that. I've talked to you both about this. Julie, I'm going to go to you first. Can you share your thoughts with us on the RIA industry's opinion of operations?

[00:16:29] Julie: Yes, certainly happy to, and obviously, I've only been in the industry for a year. I can only speak of my personal experience so far in the RIA world. I think this point, in general, resonates a lot with me because the same dynamic exists in consulting between those that are in a client-facing role and a non-client-facing role. I sat in both of those seats so I personally understand this and have experienced it myself.

When I think about the role of operations in general, my view on this is that running a business takes so many different skills or a real variety of skills, and I don't think any of them are less important than the others. Whether you're the client-facing advisor who is actually interacting directly with the client or the person behind the scenes who is exceeding their expectations by making everything go smoothly that the client doesn't even see, they're both as important. They're both critical to delivering that excellent client service. One can't really exist without the other.

The other thing that I think about here is that obviously, most people would say that we are in the client service business. It's not that I don't agree with that, but in some ways, I might say that first, we're actually in the people business because no matter how great your strategy or your niche focus or the quality of your workflows or the efficiency of your technology, all of that is nothing without great people behind it. Again, both those people that are executing it in front of the client and executing it behind the scenes.

Matt, you were asking me from my perspective on how I see it within the RIA world. For me specifically, I do feel very lucky that Geometric appreciates and values the operations side of the business. I think one way to make this a little bit more tangible or give an example is how we think about our referral rate and specifically, how we think about that referral rate as a shared success.

We really view that as a team-wide KPI on if we're delivering excellence to our clients. The referral rate is not just viewed as the result of the advisor team serving that client. It's a result of the entire team that work together to deliver an excellent experience to our client. We take a lot of pride in our referral rate and we celebrate it, and we celebrate that as a full team. Anyway, that shares a little bit of my thoughts on that piece.

[00:19:22] Matt: I couldn't agree with you more. Everything you said, you can't have one without the other. I love that. Everyone says they're happy with their advisor, but in reality, and again, I'm biased, the reality is they're happy with their advisory firm. There's a whole lot of people, both client-facing and "back office" that are supporting that client. I love that.

[00:19:51] Julie: The client-facing side isn't anything without the behind this door that's making it all run smoothly.

[00:19:56] Matt: That's exactly right. Well, Kevin, talk to us. I mentioned how you and Herb divide and conquer, but talk to us about how Hopwood approaches the role of operations.

[00:20:05] Kevin: Sure. I think I'm very fortunate because I actually have a founder and CEO that's very focused on the operational area. Everything I've learned along the way certainly stems from what I've learned from Herb over the years. He's a CEO that's

hyper-focused on the client experience, and it all starts with operations. If you think about it, I would agree with Julie that it is about people, and it's about how they feel and how they feel and interact with your organization.

If you think about it, practically, it starts with the morning download from the custodian into the portfolio management software. It's a somewhat mundane task. Let's say the download comes incorrectly, and then you have bad performance on the reports you run and the portal's incorrect. Again, I'll talk about this later how I view the industry bifurcating these roles and operations but ultimately, if a client is second-guessing your returns, or they can't see information correctly in your portal, that's a problem.

Operations is so so important. It's where the client experience starts and ends. Even if think about the client experience from onboarding, do you bundle your paperwork with the custodial paperwork, so the client has the DocuSign one envelope versus, "Oh, we have to go to this envelope for this thing and this one for our paperwork"? It just gets confusing. You have to think about operations with the client's lens. If you were sitting in the client's shoes, how would you feel going through this experience with them? I've definitely taken a lot of that with from Herb in terms of how he looks at the world there.

Look, I think with operations, you can't control the markets. Markets are going to be up, down. People's lives get hectic and crazy in the short term, unexpected things happen. Service, for the most part, is you can control that. You can control how you interact with people, you can control what they get, how they get it, and why they get it, and what frequency. You have to think thoughtfully about operations. Otherwise, you'd run the risk of having a bad market, and clients don't feel like they're being reached out to properly and you could lose clients. Thankfully, we have a fantastic operations team, excellent client service. I think that resonates with our high retention rates and referral rates as well, speaking of what Julie mentioned earlier.

Speaking about how we are structured currently, we're a little bit smaller, we have two dedicated team members in operations. We also have an admin support staff who assist them as well. Herb and I split the management and oversight of the operations area. I tend to be more of the implementer. I get in there and figure out the Tamarac system and how that works, and what Herb is trying to say, and I try to implement it. We'll talk about this in a moment in terms of this integrator visionary concept. Herb and I really are complementary in that aspect in terms of how we run and manage the operations area.

Getting back to what I was alluding to earlier, I see the operations area evolving into two distinct – I want to say distinct is maybe too dramatic, but two clear areas of the organization. If we want to scale, then we need to think about these two areas differently.

First is the client experience. That's really where at the end of the day, that's what matters the most. We need someone in the operations area that are thinking about how to build an incredible onboarding experience. The outreach a client receives, who delivers that outreach, and at what frequency do they get that outreach? If you think about it, this is more of the put yourself in the client's shoes and give them the easy button-type part of operations. These are people with organizational skills, good visual skills, empathy, high emotional intelligence, those kinds of qualities.

I guess if you think about it in terms of our industry, it's like the person who knows the portal and can explain a portal to a client. It's the client onboarding experience. It's knowing the custodial dashboards inside and out. It's knowing [how] the charitable giving accounts at Schwab and Fidelity work and how a client can experience that with their phone through an app versus having to do a paper form to do things. Those are the things, I think, in operations that are tied to the client experience.

I think as we continue to scale, that's going to be an area we need to hire. We actually have good people here that could evolve into these roles. I foresee having a dedicated client experience focused on operations.

The second, I like to call it director of getting stuff done. This is like the task manager. They're the project manager of the firm. They love debits and credits. They don't like typos. They love workflows. This is the person that really cranks out work and does it at a high level, and they go a mile deep in our portfolio management software. When a new account comes in, they're going to classify it properly, cost-basis is reconciled, client reports are done correctly. If there's changes that are made, custodial paperwork goes out perfectly every time. All the correct boxes are checked. Little things you take for granted, but you need someone with that type of skill set to do that area. Not that you can't have both. I want to be clear.

Someone could do this, but I view them differently because one is more emotional intelligence, empathy, organizational skills. The other is accounting, debits, and credits, making sure that attention to detail is really high here. I don't think we're going to split these roles anytime soon. As I mentioned, we're \$500 million in assets. Again, I've heard podcasts. I think Michael Kitces had a podcast with Eliza Deporto. She mentioned when you get to \$3 million in revenue, you should think about hiring a CEO. That's where we are - we're now at \$3 million in revenue. We're at that junction point right there. Do we hire someone to do this for us - to think about this more thoughtfully than maybe we have been doing today?

For now, it's going to be Herb and myself working our way through these challenges and opportunities. Look, I'm excited about this. I think we can build this out and we have the right team to do it. We just have to continue to hire new people that can maybe be a CEO someday and really scale this thing up.

[00:25:25] Matt: I love it. That's fantastic. Talking about organizational structure, you're both running your firms on EOS, the Entrepreneurial Operating System that was made famous in the book *Traction*.

We've talked about EOS quite a bit on this podcast because many RIAs ranging from under \$100 million all the way up to \$10 billion and beyond, I've come across a lot of RIAs running on EOS. Kevin, I'll go to you first. I'd love to get your take on the system and how you think it's impacted your firm.

[00:25:59] Kevin: Sure. I think most people love templates. I think templates are great. If you don't have a template, you don't have a good framework for organizing your thoughts or what you're trying to accomplish.

Gina Wickman's *Traction*, *Rocket Fuel*, we've all read the books – senior management. Great books. I highly recommend them to our listeners. Look, I think what it taught me is really being intentional. I tell you, a 2023 theme at Hopwood Financial is being intentional with each decision we make at the organization to make a major impact to the organization's business.

Whether it's the laptop upgrade policy and technology, or hiring a new staff member, really putting this down on paper, and be on your toes rather than on your heels in terms of how you're running the business.

We started using the EOS system about two years ago. It's been, to be honest, a labor of love. The first two iterations probably didn't get much traction with the organization, but as we became clear, and we emphasize this, each quarter, we have a meeting with the firm, and we go through it. We go through not our 10-year plan and our three-year plan, but our one-year and quarterly rocks.

For those who don't know the EOS system, there's a two-page document and, basically, it illustrates what your core values are, your culture, your mission. It really identifies who the people you want to be on your bus, for that Jim Collins quote, in terms of getting the right people in the right seats on the bus. It clarifies where we're going. What's the 10-year plan if people want to join our firm and see where we're heading? It gives you that on that document. How do you plan to get there? Let's get in the nitty-gritty. What are we going to do in technology and hiring and compliance and financial planning and investments to make ourselves that scalable in our future business?

I think about it as it breaks down the longer-term vision into actual quarterly and annual targets, so that the firm and the team can buy into it. I think that's the most important part; is by having the team buy into the process. If you have all these words on a page, and you hand it out to people, and you say, "Here we go. Here's where we're going," and you don't really talk about engagement with them, I think you're missing the boat there.

What we try to do is really explain this to employees to get their take and buy-in so that we can really have these people engaged. If you have an employee that's engaged, there's nothing more powerful. I think the EOS [system] has really allowed us to be more engaged with our staff.

Third, I think it helps with recruiting. Look, one of our biggest challenges is bringing the right people into the organization like most firms out there with a tight labor market. If you're recruiting and you say, "Okay, here's our core values and our mission. Do you align with this or not?" If someone has all the skill sets of the job description, but they lack these core values and where you're heading, and what your purpose is each day, then then it's an easier decision not to hire them. I think in a nutshell, it's a template that provides clarity, and it's been great for our firm.

[00:28:45] Matt: The great recap. You're right. The focus on recruiting that EOS provides is invaluable.

[00:28:56] Kevin: We couldn't agree more.

[00:28:59] Matt: Julie, I think it's a pretty strong acknowledgment of the power of EOS if a bunch of consultants have decided to run their RIA using it. Tell us about how it's helped your firm.

[00:29:12] Julie: That's so funny that you phrase it that way because what is EOS? It's a strategic planning framework. If there's anything consultants should know, its strategy and frameworks. Yes, you're right.

In some ways, maybe that's why we need it as much as anyone else. Hopefully, we could have come up with a structure just like EOS, but undoubtedly we probably would have overanalyzed or debated exactly what the right framework for our team would be. EOS has been great for us. I think a lot of what I'll have to say about it echoes what Kevin said.

EOS wasn't really anything revolutionary. The ideas are pretty simple. The power is that structure that it provides, the predefined system and processes that everyone can get behind and follow and create that intentionality as Kevin mentioned.

EOS has been a really positive journey for us. We started on EOS about five months before I joined the firm, so we're in our first year. We are now in our second year of being on EOS. If I'm going to try to share what EOS has offered for us or offered to us - I'm a consultant, so I love to put things in a group of threes. Two is too few, four is too many. When I think about EOS, and I try to think about what it's given, I think about three different things.

Again, I think all of these are going to echo and repeat things that Kevin has said. Except maybe this first one, because the first one I would say is forcing us to create an

org chart and forcing us to departmentalize. Now, in EOS, it's an accountability chart, and I might get in trouble for equating it to an org chart, but it did force us to put ourselves into an organizational chart and compartmentalize.

Geometric had gotten to a point and probably a little bit past a point where we really needed to move on from that everyone doing everything philosophy that all startups are in. That's been really powerful for us, and our team has been able or it has enabled our team to be a lot more efficient and a lot more focused.

The second relates to that quarterly cadence that Kevin mentioned, having a strategic planning calendar and associated meetings. That quarterly cycle has worked really well for us where every three months, the leadership team were getting together, sometimes in-person, often remote for a whole day. We are reflecting on the prior quarter, talking about what went well, what could have been better, and we are laying out our priorities for the next quarter. Then we come back, and we share those with the whole team and from there, individual departments lay out their priorities with those company-level priorities in mind. It really does, it keeps us moving forward, and probably most importantly keeps us all moving forward in the same direction and towards the same goals.

My third thing here is, again, something Kevin mentioned, but those core values and I actually think if I was going to highlight anything that added the most value, I think this is it. EOS, it forces you to define your core values or your guiding principles. Not to say that our core values at Geometric didn't exist before EOS, it's not like tacking on EOS created these core values, they were there.

What EOS offered was forcing us to surface what those values were and put labels on them and talk about them. Because of it, we've now integrated those core values into everything, and I think most specifically in the hiring. We evaluate candidates against those values, we have four of them, and our final step in our interview process is sharing those core values with candidates and asking them to share with us their reactions, talk to us, what resonates about them, and why.

I think that really helps ensure that we are bringing on folks that are a good fit for the firm and are folks that can thrive in the environment that we are trying to create that at Geometric. To be totally honest, I find some of the terminology of EOS to be a little bit corny. I've had to really get on board with that, but once you get over that fact, it's been really great for Geometric and really helped us.

[00:34:07] Matt: Like you said, it's not groundbreaking, but to Kevin's point, it provides templates. I think a lot of RIAs have missed an opportunity. They've read the book and then they say I know this stuff. This isn't rocket science. This isn't that complicated. Great, but do your employees know what your core values are? Are you using your core values in the hiring process? Do your employees know what they're supposed to

be doing on a quarterly basis? Are you crystal clear on what the priorities for the employee level are, [and what] each employee should be working on? If you're not, try this. [laughs]

Use something else if you want, but having those templates and having even the terminology like you said can be a little corny but having a common terminology that the whole firm is using I think it's so valuable.

[00:34:56] Julie: I'll also mention that we use software to help us implement it. We work on 9D, which has been EOS-based software, and talk about templates and forcing you to follow it? That's been really helpful and valuable, and I think kept us on track. Sharing that, I think the software aspect of it has been really helpful for us.

[00:35:21] Kevin: Well, Julie I'll have to look into that because we do it manually. Software is always better. Thank you for that.

[00:35:26] Julie: Happy to talk about it anytime, Kevin. We love the software.

[00:35:31] Matt: That's great. Well, 2022 was a tough year for most RIAs, not only were the markets down, but the labor market continued to be tough. Many RIAs were facing turnover in their staff and neither of your firms were immune to that.

You had the double whammy, you're both looking to hire to fill the roles of people that are leaving, but then both of your firms are growing. You also need to be hiring just additional roles, not only just filling backfilling people that have left, but additional roles needed to support the growth of the firm. Kevin, talk to us a little bit about your hiring and onboarding process at Hopwood.

[00:36:07] Kevin: Sure. Hiring, I remember this, what was it? Mark Tibergien - I was reading a *Financial Advisor Magazine* article and I think he said the last day, he was at Pershing he was interviewing candidates. I say that because it's this idea of how important hiring is in interviewing. You always have to be on the lookout for the next great person, great operations person, financial planner, advisor, whatever that is, because it's hard. There's only a finite subset of people that can deliver the best, what we call the A-team results. Even though it is the hardest part, it's something I do enjoy doing, because it's all about trying to find who can mesh well with the team and the culture and elevate our game.

In terms of how we've hired, we've tried using a recruiter, with limited success in the past, even someone that was dedicated to our space, every firm might have a different outcome, for us it didn't really work out using a recruiter. We've done LinkedIn, that's been a little more promising. We get more hits from good candidates, so I would certainly recommend that's something that worked reasonably well for us in the past.

In financial planning, specifically, we have several employees that went through the Virginia Tech Financial Planning Program. I think anytime you have people that go to a financial planning program, out of college, you can certainly leverage those connections, again, the network effect, to find interesting candidates that might not be on Indeed, but they might be looking for another opportunity. People, they pretend to reach out to their professor for guidance and their professor might put you in touch. I say that because that's maybe a different route that many might take, but certainly one that we found gave us a lot of great candidates.

I'd say, the most successful recruiting or hiring method for us has been just our network. Again, going back to the network effect. If people know who you are, what you bring to the table, what organization you run, I think, [people] can resonate with that and you tend to have a network that you build over time that is similar, in many ways as you are. I do think the network effect is certainly the best way but the most time-consuming versus LinkedIn, you get 20 resume hits that may or may not be promising. Here you go for lunches and reach out and have coffee with five, six people and talk to people after church on Sunday, whatever you do. It takes time. I think your runway here is the longest but probably the most fruitful in my opinion.

I think the hardest part of hiring for us is that doggone job description because most of you if you got to Schwab or Fidelity, they'll give you what is a support advisor, what is a service advisor, and everyone has a different role. That's another thing about our industry, there's no common terminology. A paraplanner, one firm might be a support advisor at other. The point is just you got to really define what role you're hiring for, so that's taken some time, but we've put in the work there. That's really the hiring and what's worked or didn't in terms of the hiring process.

Onboarding, I think this is really, if you think about client onboarding, we talked about that with the operations area, this is staff onboarding. It's just as important. You got to put the time and energy into this. Otherwise, if you don't do a good job with a new employee in the first 30 days, I think you run the risk that they're looking for a job in six months.

We actually developed the training calendar, we actually have three calendars on our Outlook, we have our personal calendar, we have a firm calendar, and we have a training calendar. The first two weeks any new hire comes in, there's two weeks dedicated training across all areas of the business. That's operations, HR, technology, investments, financial planning, et cetera. The reason there is, even though they might be investment analysts, they still need to know about our planning, deliverable compliance, how it all fits together because their role, even though might be in a specific department, has big impact on other areas of our business. So we do have a two-week dedicated training program for all employees, we leverage custodial videos, and we have Tamarac, our software system, they have their own library of educational tools. We use that as well. It's really that one-on-one time with an employee of the firm

to say, this is how we do it, why we do it, why it's important, and we haven't solved all the problems yet. You're going to be here to help make this process better. We've actually standardized agendas for each of these meetings, so we can wash-rinse-repeat the compliance meeting agenda for that new hire that comes in in six months.

Each new person that comes in will have a direct report that will check with them daily - their manager for better term. They'll check in daily for the first month and then weekly thereafter. Then Herb and myself will sit down with them either monthly, usually it's monthly. It's really to make sure it ties their job into the EOS system. How are you going to help our financial planning rock this quarter? You're a new support advisor.

When we need to look into a new software program - we use MoneyGuide Pro now, [but] is E-Money really a better tool given we need more integration? That's your rock and you can help our Director of Financial Planning with that rock. Really tying it to the goals of the firm. It's worked for us. I'm not saying it's perfect, but it certainly provides some structure and clarity for the new hires.

[00:41:11] Matt: That's great. Julie, how are you onboarding and training new employees, especially considering that you're fully remote?

[00:41:20] Julie: Yes. I know, I think that in the current labor market, remote is helpful to us rather than hurtful. It's certainly increasingly attractive to a large percentage of the population. I do think it's been helpful for us.

The other point that I'll mention in terms of remote and how it relates to sourcing talent or finding talent, the other aspect that has been really valuable for Geometric is that we are able to tap into a talent pool that wouldn't otherwise be accessible if we were in a physical location.

Just want to share that we have a number of military families on the team here at Geometric. Military families tend to move a lot and don't always know when or where that move will take them. That can make it really hard for a military spouse to find a firm that they can stay and grow with. We just feel lucky that we can tap into some talent pools like that, that isn't otherwise accessible.

When thinking about like, onboarding and hiring, first you mentioned 2022 was a tough year, and despite the fact that I think being remote in this environment is an advantage, we still weren't immune to it. We brought on eight new people to the team last year. A couple of those were filling positions left by departures. Most were filling newly created positions. Matt, as you mentioned, we're growing and I was one of those, my own new position.

In terms of onboarding and training them in a remote environment, I've now done this in a remote environment - I've done it in an in-person environment. My takeaway is that

it's just actually not that different. The way you onboard and train a team or a new team member in a remote environment is very similar to what you do in an in-person office.

I find the differences to be more on the margin than anything major. To give an example, one of the things I've noticed that is different, but I think it's a marginal difference, is we definitely spend more upfront time coordinating with an employee before day one. We have to ship their computer to their home and have a couple of Zoom meetings to make sure that a computer is all setup and they're ready for day one. We offer a stipend for new employees to set up their home office to make sure that they have a comfortable, effective space to work with a quality camera, for example, for Zoom meetings.

That's definitely a difference, but that feels like a marginal difference to me rather than a major one. From day one, I feel like it mirrors a lot of what Kevin said, and it feels pretty similar. We also have cross-functional training sessions that happen in the first two weeks across all roles, and they still happen face-to-face one-on-one. It's just face-to-face over Zoom rather than sitting in a conference room for example.

Another thing that I think about is employees are still learning on the job and from their managers and their peers. It's just that rather than walking the hall and stopping by someone's desk, that looks like sending a Slack message. That's one of the technology pieces we use, sending a Slack message and probably a Zoom link along with that message and learning through a screen share rather than sitting next to someone at their desk.

I don't know if that feels like an unsatisfactory answer to those that maybe are in person and thinking about remote or in a hybrid environment. My experience so far is that it's really not that different and remote work and remote training and onboarding and-- it works really well for us.

[00:45:34] Matt: I'll say, I've just gone through onboarding at Coldstream and it was predominantly remote. I've been in the office a couple of times, but predominantly it was remote. I think what you're saying is correct. The fact that there's a process that they can put you through, sending someone an email or doing a Zoom versus sitting in a conference room filling out paperwork. Having the process is-- and [laughs], unfortunately, we've talked about it on this podcast a lot of RIAs don't have a process.

It's my first day on the job is, "Hey, go sit over there and someone will be hopefully, someone will get to you by noon. Just, we just wait around for us. We're all really busy because everyone hires a little too late, right" [laughs], and everyone's so overwhelmed by the time the new employee comes on-- I think what you're saying is accurate. It's more building out the process than worrying about whether you're looking in each other's eyeballs or through a screen.

[00:46:27] Julie: Yes. I think it's the content rather than the delivery of it, right? You can deliver it in person and remote.

[00:46:34] Matt: Yes. I think that's right.

[00:46:35] Julie: The other thing, Matt, that I'll just say thinking about because I feel like, we get a lot of questions about remote work because I think it's something that everyone is thinking about these days. The one additional point I'll make is that I think a lot of the conversations and the struggles that firms are having, and I talk to my friends about who are going through this at their firms, is this hybrid discussion and how do we make hybrid work? I'll tell you; I don't have any answers there.

I think remote works so well for Geometric because we are fully remote and it's not a debate and we're not having to talk about when and who will come into the office on what days, we are fully remote and we always will be, again, [laughs], as I mentioned, we have 21 people spread across the country. We're in 15 different states. Even if we wanted to go in person, we couldn't at this point and we don't want to go in person, but just saying that it's not a conversation we have to have, so being remote doesn't really even come up internally. It's not something we talk about. It's just a way of life for us.

The really only time that we're talking about is when people are asking how it works for us as they're thinking about-- some potentially thinking about it for their organization. I do think there's a real difference between being a fully remote organization and hybrid and just wanted to share that. I don't feel like I do have any good insights or advice for that hybrid environment. I just think that one's really hard.

[00:48:13] Kevin: Julie, do you think a lot of it has to do with your client base being comfortable with Zoom and just doing everything? I won't say everything they do necessarily, but just that's your 30- to 50-year-old client is that's how they work and that's how you work too. Do you think that's a part of it or?

[00:48:28] Julie: Yes, Kevin, that's a great point. I was talking about it before from the team perspective, but obviously, the client side of it is super important too. Yes, I think we do have a young client base who are very comfortable on Zoom and actually typically even prefer Zoom, so Matt, you were reading off our website at the beginning of this, that it's that we have in-person meetings with our clients, but we do, but over time those are fewer and fewer.

Not because we're not willing to do it because our clients aren't wanting it. They would prefer-- they are busy people. They don't have a lot of time. They trust us and they would often prefer to have a more efficient, quick meeting over Zoom rather than anything in person.

[00:49:17] Matt: That makes sense. The story I tell advisors that insist clients want the in-person meetings. I say, well in my-- just talking about me personally, I can hear the

school bell at Luke's school from my office, from our house, right? We can walk him to school. It's not far.

Also, there's no relationship in my life that's more important to me than our son. All that being said, the close proximity to the school and the importance of the meeting, I would rather do parent-teacher meetings by Zoom [laughs]. I don't-- even though I could walk over to campus I just would rather have the meet. I want to have the meeting. It's very important to me the content of the meeting, but I would rather be able to just click end Zoom and

go on with my day, then have to get back into the car and it's only a couple of blocks, but I have no interest in going to school for parent-teacher conferences anymore and I think clients are thinking the same way. I absolutely want to meet with my advisor. I want to spend time, it's important to me, the content, but I don't know if I need to drive over to their office for the meeting.

[00:50:21] Kevin: I think that's kind of juxtaposing that to what Julie was saying. Thinking about our clients, we have a mix. We're not as niche-focused in terms of the consultant side that Julie mentioned, but I think we probably have two-thirds of our clients that want to do Zoom and one-third that want to come in just because our client base is a slightly different demographic.

I guess the key takeaway I'm just summarizing what I'm hearing here is that you got to meet your client where they are. Your client wants, like you said, Matt, you're a teacher, your parents want to have their teacher conference remotely, you got to say that's what they want, give them what they want, don't fight it. That's what a client wants. You got to meet them where they are versus what you always have done.

[00:51:03] Matt: Well, we touched on it a little bit earlier. The right people in the right seats. This is another area that I see a lot of RIAs struggling is designing their org chart to ensure that they do get those right people in the right seats and providing a clearly defined career path for employees after they've joined.

Julie, coming from the consulting world, you have a thoughtful approach to this. Talk to us about how you think about it.

[00:51:26] Julie: Matt, I think that's a really great question and is probably the thing that I have spent the most time thinking about since I joined Geometric. It's really important to us that everyone at Geometric has a defined career path and it's something that we think about a lot.

What do I mean by a defined career path? That they understand what's needed to succeed in their current role. They understand the skills and what development is needed in order to progress and be promoted to that next level, as well as a rough

timeline to get there. Then I think it even means, ideally, what a path to partnership would look like.

We'd love to get to a place where all roles at Geometric had a way that leads to partnership so that's the vision. That's where I would like us to be. We are definitely not there yet. I will be perfectly honest. We are on a journey, but that desire and that vision is a lot of what led to the decision to bring on a COO.

I think, frankly, it's probably the reason that I am sitting in the seat rather than an industry candidate because if there's one thing that management consulting firms do really well - and obviously they're great at client service, but they are amazing at talent development. Bain, Parthenon, BCG, McKinsey, all of these firms recognize that it's a people business and their people are really their only asset and they put the time and the money and the training and the effort behind it to really develop those people.

There are lots of parallels there, obviously, to an RIA. I am trying to use my experience as what I learned and experienced myself within management consulting firms and take those principles and apply them to how we're thinking about talent development and career paths at Geometric. It is a journey. As I said, we are not there yet and are trying to take it in pieces but where I started was with a performance review process.

That is something we kicked off at the beginning of this year and wasn't something that existed in any meaningful capacity before. In January of 2023, January of this year, we kicked off a goal-setting process. We are just entering a mid-year discussion process that includes 360-degree feedback.

At the end of the year, we'll come together for a year-end review process that again incorporates 360-degree feedback, incorporates discussions around promotions and compensation as well.

That's how we think about it. It's a lot, it takes a lot of work, it takes a lot of time, it takes a lot of effort, and it's definitely a focus of mine. I know you say 75% of this role is HR, and I 100% experience that myself by spending a lot of my time, and I think rightfully so, on talent development and on our people.

[00:55:00] Matt: Well, Kevin, I know you've spent a lot of time thinking about your chart as well, so why don't you give us your thoughts here?

[00:55:07] Kevin: Sure. Well, I can relate to what Julie's referring to. We have not figured it out. It's been a labor of love; it's been a journey but I'd say we're probably on version 20 of our org chart to give you perspective of just how many iterations of this thing we have had but I guess the question ultimately is why do you have an org chart? What is the purpose of an org chart? We always like, again, any client meeting we have, any internal meeting we have, what is the purpose?

To us, the purpose of an org chart is when we hire the right candidate, we onboard the right candidate, or it's a person who's been here for a long time, they see a path to grow at our organization. Not only do they see the top line or whatever the numbers are that we're growing at, but they see an opportunity to evolve for their own professional development. That's the why this is important. We want to retain the top talent, we absolutely need to have an org chart that's at least a good work in progress, and I'll leave it at that.

With an org chart, I guess I'll just go through because I think people would appreciate just the things we've dealt with. It's been challenging, and some of the things we get hung up on are this concept of reporting structure and hierarchy on the boxes. If you think about a typical org chart, think about like a lead advisor, a service advisor, and a support advisor, right? Naturally, being the analytical, I guess on those various tests were like eight out of eight on the analytical, you look at that and say, okay, support advisors, they report to the service advisor because the org chart says they're right below the service advisor on the org chart.

Well, naturally, since we don't have a COO, that's not the case because the COO would be the person they report to but it gets a little confusing. Herb and I have had many long conversations on how do we lay this out, what's the job function versus the reporting structure?

We had to separate the two. That was the really coming home to Jesus moment where we said, okay, reporting structure is different. Who a person reports to an org chart doesn't matter. This is really career path development, career path focus. This is really to get your employees excited of where they can either move vertically or laterally across your org charts, have an opportunity, and stay in your firm for a long time. That's one thing we've dealt with.

One of the other things we've dealt with is we have a director of financial planning. I don't know exactly, Julie, how your firm is structured with your roles, but we have a dedicated director of financial planning. On an org chart, we put that person in the advisory department. Are they on their own island by themselves? Then what happens to the support staff that report to them? Should they be in the financial planning department, or should they be under the advisory department? They see a career path as an advisor.

A lot of these iterations, just to talk practically about what we've dealt with has been trying but I would say the most important thing is you have something you can show an employee that shows a thoughtful approach to this. Knowing that every org chart might look a little different, but at least people can see that there's a path to growth here. As the firm does well, and they want to put in the effort and get the designation or two they need or get the experience they need to move up the ladder, we want to provide that to employees.

I guess going back to the “getting people in the right seats,” Matt, I would say that is probably the one that we've had success in, but that's probably more than the org chart. That's the toughest one.

How do you put someone in a position to thrive? Because a lot of people here have the potential to thrive in their roles, and we just need to give them the ability to do that by giving them autonomy, giving them an accountability reporting structure-- maybe that's the EOS system to allow us to get that accountability part of it, but that's really where we're going to really take off, is getting the people in the right seats and allowing them to take ownership and drive things and know where the accountability lies but give them a chance to shine. That's really what we're trying to do here.

[00:58:44] Matt: Great. Well, the last couple of questions have been about employees and internal. Let's talk about clients here to wrap up. Kevin, you've done a lot of work around segmentation and knowing your service offerings for specific clients. Talk to us a little bit about that.

[00:59:01] Kevin: Sure. Again, coming back to the reason, why do we segment our clients? It's really so we can have a consistent deliverable on every client. I guess that's the key theme is if you're doing an org chart, consistency, segmentation, consistency, repeatable process, employees of the organization know who should be in the meeting. Why is the meeting structured? Why does the meeting need to occur? There's a lot of things that need to happen with this.

The way we think about segmentation, in a broad sense is, it's driven by complexity. Clients with the most complexity that have the most needs need more things from different types of people. The service offering for a highly complex client would need more meetings per year. There would need to be more intermittent touches i.e., think about a client that has stock options and there's vesting schedules throughout the year. They might need more check-ins than a retiree who's taken out their RMD, and they need to update their beneficiary designations every so often. There are different needs for different types of complexity. We segment that way, so we know what employee in the organization is going to be in the meeting? When are the meetings going to occur? Who does the reach out? If we didn't do it this way, we would have either insufficient resources for top-complexity situations, or we'd have redundant resources for the less complex line. Again, I think it makes the client experience better. It also makes the running of the business better so you can get the right people in the right seats to be in a meeting when it's impactful.

Again, going back to the theme of the year intentional, we want to be intentional with how we segment and how we put people in a position to grow here at the organization, we have to have a segmented program so that people can have an opportunity to be the shining light in a meeting. Maybe it's in a less complex meeting to start, and then they move up to a more complex situation as they advance their career here. Again,

that's how we think about it. It gets me excited because we don't have all the answers yet, but we're working on it.

[01:00:53] Matt: Yes. I love the way you approach it. Then, Julie, you approach client segmentation a little differently. It's really more based on the narrow niche of the firm. Talk to us a little bit about how you approach that.

[01:01:07] Julie: Yes, sure, happy to. I do think that in many ways, we have just one clearly defined segment, and that is that niche that we serve, those partners that those three consulting firms.

Kevin was talking about complexity. We certainly do think about complexity as well. I don't think it's integrated as much into how that impacts our service offering. Our client segmentation is really that one segment of the market.

When advisors are assessing a new client, we have them ask themselves, "Are we the best firm in the world to serve this client?" If the answer is no, we refer them out. It's not lip service, we actually stick to it. I think, beyond that filter, it's hard to do any meaningful segmentation after that.

I feel like we've talked a lot about our niche, but it does drive everything we do. It drives the people that we hire, the team that we hire, it drives the services we offer, and work to specialize in those and focus those to meet the needs of that one niche client. It impacts the technology we choose and the processes we follow. I think doing so has really created a compelling competitive advantage. I truly believe that we can offer something to our clients that no one else can. I think our clients see it, and they talk about it. They refer us because of that.

Our challenge has been keeping up with that demand rather than generating it ourselves. I just want to say I am cognizant that it's fortunate that we are in this position. We are aware of the fact that this may not always be the case, but for now, in this moment, our focus is really working on how we can scale up to meet the demand of this client base, and how we can do so in a way that continues to deliver the level of service, the level of excellence that our clients have come to expect of us and really the level of excellence that we have come to expect of ourselves as well. The niche has been really powerful for us. Again, it is the backbone of really everything that we do at Geometric.

[01:03:43] Matt: I've spent an enormous amount of time speaking with RIAs and the need for them to better understand who they're serving and how they want to serve them. I really appreciate both of you diving in on that one. Thank you for that.

Then just in general, this has been a fantastic conversation. I just want to say to both Julie and Kevin, thank you for sharing all of your experiences and wisdom with us today. Thanks so much.

[01:04:06] **Kevin:** You're welcome, Matt. Thanks for having us.

[01:04:08] **Julie:** Yes. Thanks so much, Matt. This was great. Appreciate it.

[01:04:11] **Matt:** Well, that is a wrap on Episode 53, everyone. We will talk to you soon.

[music]

[01:04:31] [END OF AUDIO]