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PANDEMIC SPARKS ENTREPRENEURIAL SPIRIT IN WEALTH ADVISORS

by Jim Dickson, CEO and Founder, Sanctuary Wealth

The pandemic has afforded many of us the opportunity to reassess our lives, and with so much of our time spent working, many people are taking a hard look at how they choose to make a living. For advisors in the wealth management space, that means re-evaluating everything through a new lens of true value: from your company's management policies to the tech stack it provides; from the real estate bill for your office space to the costs of shared services; from your custodian to the products and services you offer.

Layered on top of those concerns is the re-evaluation of your client relationships. This "step back and review" moment created by the pandemic is allowing advisors to ask themselves whether they are doing everything they can for their clients.

Ultimately, advisors are reconsidering two basic questions: What am I getting? What am I giving?

THE ADVANTAGES OF INDEPENDENCE

Before the outbreak of the pandemic in the U.S. and the subsequent shutdown of businesses across the country, we were already seeing a growing trend toward independence for advisors looking to own their own practices. The migration from wirehouses has not been a full-blown exodus, but there has been steadily growing momentum as more advisors are recognizing the rewards of going independent.

The "pandemic pause" has given those advisors who have been hesitating to make a transition more time—and a new impetus—to consider their futures. Working remotely has proven to many that they can function, in fact, thrive, quite easily by mastering fairly simple desktop technology. With the world so quickly adapting to video conferencing, it can actually be easier to stay in touch with clients—especially when they're eager for more human contact these days. And clients have shown an increased appetite for consuming more content online, from timely articles to videos to podcasts.

Working remotely has also been an eye-opener for many advisors in terms of the need for office space. With real estate taking the largest bite out of an advisor's cash flow, paying their employer as a landlord for unused, unneeded space during the pandemic has been a gut punch.

Once you compare the cost versus the benefit of your office, it's easy to add to the list other overhead expenses that could be more efficiently controlled as an independent advisor. Advisors who own their businesses are able to make effective decisions and capital investments that serve the best interests of their practice and are answerable only to their clients, not some corporate office.

[“This ‘step-back and review’ moment created by the pandemic is allowing advisors to ask themselves: am I doing everything I can for my clients?”](#)

One thing that working remotely has brought home to many wirehouse advisors is how much of the technology their firms rely on is outdated and inefficient. Given the freedom and flexibility to choose their own technology not only affects their bottom line, but also the ability to serve their clients in the manner they deserve.

TWO PATHS FOR GOING INDEPENDENT

The pandemic has given some advisors time to think and others time to act. Over the past several months, our organization has been contacted by dozens of advisors filled with questions. They want to know whether this is the right time to leave the wirehouse environment and embrace the freedom that comes from being a business owner. And of course, if they do opt for independence, how can they do it?

Total independence entails creating your own RIA and doing everything yourself. This is the ideal path for the rare advisor with a full-blown entrepreneurial mindset who expects and demands total control of every decision. Often, it's their name on the front door and they want personal oversight to ensure the quality of every aspect of

“...choose your custodian, customize your tech stack, offer any products from the very best providers, and keep more of the money you earn.”

their practice and their clients' experience. For these “masters of their fate,” the investment of time and money can be significant – but the rewards just as rewarding and the satisfaction, like the control, total.

I think of this approach to independence to be like the homeowner who wants to build their own house – literally. They serve as architect, contractor, builder, electrician, plumber, landscaper – the list goes on.

But not every entrepreneurial advisor aspires to such total control. The expense and time commitment can be

daunting for a small firm or a solo practitioner.

What many advisors don't realize is that being independent doesn't mean being alone and needing to bear the full weight of managing every component of their firm. An alternative to total independence is to partner with a platform that provides support for advisors. These types of platforms can help an advisor choose their custodian, customize the tech stack to meet their needs and offer products from vetted providers that best meet their clients' needs. Independent advisors have the freedom and flexibility to work within open architecture – though a given platform may offer a limited set of options for third party products and services. Still, aligning with a platform designed to offer any choice can be a good fit for former wirehouse advisors who bristled at the corporate restrictions but recognized the need for the support provided by their former firms.

From the most experienced advisors whose entire careers have been spent in wirehouses to the next generation of advisors who focus on technology and data to enhance their client relationships, advisors across the country are using this unprecedented time to challenge themselves to realize their full potential. Like the rest of the world, the advisory profession is likely to look quite a bit different when it comes out on the other side of this crisis.

If you'd like to learn how Sanctuary Wealth can help you do more for your clients through our platform of partnered independence, please contact me directly at jdickson@sanctuarywealth.com.

I'd very much like to talk to you about the opportunity to make the most impactful change in your career.

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250 W. 96th Street, Suite 300 | Indianapolis, IN 46260 | 1 (317) 975-7729 | 1 (833) 608-5514 | sanctuarywealth.com
 Jim Dickson jdickson@sanctuarywealth.com

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