

When Change Is Good

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By Mindy Diamond

Why switch firms late in the game? There are plenty of reasons to stay put until retirement: deferred compensation, familiarity with the system at your current firm, the aggravation and complexity of moving, the risk of losing clients in a move, and of course, simple inertia. But sometimes, the very upheaval caused by switching firms can reinvigorate a career. At least that's what some branch managers and recruiters say.

Take Bob, who had worked at one firm for all of his 21 years in the business, and generated \$4.1 million in trailing-12 revenues on \$600 million in assets. His business was still growing, and he had recently joined his firm's wealth-management unit that would allow him to inherit investment-banking leads, and gain access to a bigger expense account. In fact, Bob's career was kind of on autopilot, as he turned more of his attention to spending time with his three young kids, and to traveling.

But here's the catch: For a long time, Bob had been feeling bored, and more than a little stuck at work. Senior management at his firm lacked focus, the compliance culture felt oppressive (like everywhere else), and his local branch manager was less than effective.

And so he began to wonder whether he should make a move—one that would allow him to capitalize on the most aggressive recruiting war in the history of Wall Street. After all, he would stand to be paid between \$8 million and \$12 million over a three-year period if he switched. Bob had to ask himself how long it would take him to earn this much if he stayed put. Here are some of the other considerations Bob had to make:

- If I move, will I get back my \$2 million in unvested deferred compensation?
- If I move, will I lose some of my clients?
- If I move, how long will it take me to figure out who to call to solve a particular problem?
- Am I prepared for the aggravation and hard work that making a move entails?

Enter Alex, a branch manager from a rival firm. His first question for Bob was: "Why am I talking to you?" It quickly became apparent that Bob was in desperate need of a change. He wanted to reinvigorate his

business, but he didn't know how to go about doing it. "Often times in this business, change equals growth," says Alex. Keeping that in mind, Alex helped Bob address these issues in the following ways:

Unvested deferred compensation: Often unvested deferred compensation is factored into a recruiting offer, Alex told Bob.

Loss of Clients: If you are worried that you will lose a lot of clients when you move, there is a good chance you would have lost these clients even if you stayed. Prior to making the commitment to change firms, Bob (while strictly following the guidelines set forth in the "Protocol") told his clients, in general terms, that he had been speaking with another firm that he thought could make real sense for his clients. Most clients responded that if he thought it was in their best interests, then they were behind him. Bob also realized a move would be an easy time to "fire" unwanted clients.

Who to Call With Questions: Alex, who had been with the new firm for years, assured Bob that he would act as Bob's personal Rolodex until he got situated. He further assured Bob that because he was such a large producer, the firm would do everything possible to assist him.

Overwhelmed by Moving: Because Bob was feeling "stuck" at his firm, Alex shared with him the experiences of other advisors who had moved, and had found the experience invigorating. Bob came to the conclusion that he was not content with maintaining the status quo. He wanted to grow his business, and to feel challenged again.

In June, Bob made the decision to pull the trigger and join Alex's team. While he has never worked harder, he says he feels rejuvenated by the move. Bob retained almost 100 percent of the clients that he wanted to retain. Most importantly, he feels as though new life has been infused into his practice.

About the Author: Mindy Diamond is the President and CEO of Diamond Consultants, a boutique executive search firm specializing exclusively in the placement of investment professionals and managers nationwide, which she founded in 1997. Nationally recognized as an authority on recruiting in the financial services field, Mindy works with the nation's top brokerage firms and banks and consults with, trains, and coaches individuals and small and large groups on state-of-the-art practices, with regard to recruiting top-quality investment professionals. For more information, go to www.diamondrecruiter.com.

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