



Berkshire

DIVIDEND STRATEGY

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Practice Management Concepts

Advisors... Who Are You? What Are You?

Financial Advisors: "Building Great Structures"

*"Charlie liked to design things. His architectural thoughts led to the Berkshire of today... The architect dreams of, designs and supervises the construction of **great structures**. This structure of Berkshire he built outlived Charlie, and will certainly outlive me."* -Warren Buffett on Charlie Munger Berkshire Hathaway Annual Conference 2024

The evolution of financial advisors is an area of great contemplation for me. Fun fact about yours truly...Right out of college, I worked as an FA for a top 5 firm (hint: Cattle). I recall face-to-face cold calling in office parks seeking business owners! I actually landed a 100k wrap account client this way... A wealthy individual who made shower curtain rings for all Holiday Inns – go figure. But it got me thinking "I want to be the money manager, not the broker"... but I digress. I wouldn't trade my experience for the world. It's inspired how I work with you today.

Imagine how the industry has changed, your job description has changed, your daily life has changed. It's downright nostalgic to write about.

20+ years or in the business? You've likely evolved from:

- Salesman/cold caller/stock jockey (didn't we all want to be Bud Fox... just a little?)
- Mutual fund picker
- Manager of managers/asset allocation manager
- Client financial planning manager
- "Total wealth manager" responsible for taxes, insurance, investments, alternatives, lending and seemingly a zillion other things
- Today, many of you are now managing a team of advisors/practice

You are light years away from only having a phone book and ambition in every way possible.

Evolution hasn't stopped, but the past is still with you. Your list of clients, acquired over decades, remains while new types of clients emerge. Legacy tech platforms sit alongside new ones. Investment programs from decades ago look like artifacts of another time.

Importantly, you are no longer alone with the phone book as your BFF. Many of you now have partners, associates, staff and you are even acquiring other practices.

So what, exactly are you supposed to do when you come in every day? I'm serious. Are you focused

on "making it rain? Managing clients, picking investments, managing the planning process, managing and leading the practice? Buying others? How do you fully monetize what you've built? Remember that college class on how to run a wealth management practice? Exactly. There wasn't one! It's all nebulous territory.

Even if you are a 1 to 3 person team, many strategic options exist. 5 to 10 person shops, mega teams, nationwide OSJ's, or roll-ups? It's even trickier. It's the irony of running a successful practice today. Starting out, you had no options other than to survive. Now options are limitless.

So maybe it's time for you to be like Charlie. Maybe it's time for you to be an architect and build a "great structure."

Client-wise, a financial plan is essentially a blueprint. It's a great structure and if created thoughtfully will endure. Like Charlie was to Berkshire, you are the visionary of your client's plan, crystalizing the client's needs wants, and goals and designing a coherent structure. And like every great architect you hire the best specialists to make it meet you and your client's vision. Sorry I couldn't resist an "ad" for more outsourcing managers, but it's true. Architects design structures, they don't do the plumbing, electrical, or foundation work, they hire and oversee experts. Today's labyrinth of insurance, investments, zillions of ETF's, running your business running your life make certain things implausible for you to do yourself.

Practice-wise, how do you build a 'great structure' that endures? For many, this may mean making hard strategic, and practical decisions. Do you let go of tasks that you love? Do you give up clients? How do you organize your team, by client or by functional specialists? Does one person do ALL the planning for all the clients or are FAs responsible for "their book"?

Observation: many of you, despite very good intentions to build/specialize/delegate end up still doing a little bit of everything which hurts scale and blurs lines.

This means maybe it's time to pause to work ON your business vs. working IN your business. That is HARD to do... we get it ... it's like trying to rebuild a race car while looping around the track at 180 mph!

Questions to guide you:

- If you could start from scratch and money production were no object, what would your firm look like in 3-5 years?
- What are you most passionate about doing daily?
- What type of client experience do you want to build?
- What do you want to truly be known for... Highest aspiration? What does it take to get there?
- What legacy would you like to leave in client's lives?
- What do you stand for? How is it reflected in your marketing, investments, planning and service?
- If you're business disappeared tomorrow... who would suffer?

“Find your Charlie”

Buffett went on to describe the absolute trust, friendship, camaraderie, honesty, and shared vision he and Charlie shared. He advises us to think about the person/people you’d want to spend the last day of your life with...find them and spend time with them- now.

I can’t think of a more exacting way to think about your partners and your clients. Life is too short to spend time with people who don’t energize and inspire you.

You are the architect. You are the visionary. You get to choose. Make it happen.

While change, growth and evolution are constants take some time this weekend to think about the “great structure” you would like to build.

The world and this industry certainly needs more of them.

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Berkshire Dividend Strategy

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