

# Operational excellence creates greater capacity for clients

A Guiding Principle for  
Advisory Firm Success



# GPS

Guiding Principles Series™

## About Schwab's GPS Guiding Principles Series™

The Guiding Principles Series (GPS) is based on the Guiding Principles for Advisory Firm Success, a foundational framework that helps advisors address the complexities of growing their firms and creating enduring enterprises. Grounded in the best practices of leading independent advisory firms, the GPS delivers relevant and timely information to help advisors solve their unique challenges and strategically manage and grow their firms. The GPS includes industry-leading studies, resources, and tools from Schwab that are designed to help advisors explore innovative concepts and obtain new insights as they set the strategies that propel their firms to new levels of growth.

For more than 20 years, Schwab Advisor Services™, the leading custodian of more than 15,000 registered investment advisory firms, and Schwab Business Consulting and Education have been working hand in hand with advisors, leveraging our deep expertise in core business issues to help firms achieve their goals and gain a competitive advantage. Schwab's collaborative approach leverages the guiding principles to help advisors benefit from proven practices of the industry's most successful RIA firms.

Visit [advisorservices.schwab.com/guidingprinciples](https://advisorservices.schwab.com/guidingprinciples) to learn more.

## Contents

- 03 Introduction
- 03 Improving productivity with technology
- 06 Developing standardized and repeatable business processes
- 07 The Firm Performance Index
- 09 Creating a culture of protection
- 13 Case study
- 15 Conclusion



Effective planning and execution is a leading indicator of success



Value is defined through your clients' eyes



Operational excellence creates greater capacity for clients



Your reputation is your brand



People are your most important asset

# GUIDING PRINCIPLES FOR ADVISORY FIRM SUCCESS

## Introduction

When Capital Advisors, a Tulsa, Oklahoma-based firm with \$3.5 billion in assets under management (AUM), checked on their IT provider's cybersecurity reporting, they found little of what they needed. Debra Konieczny, the firm's Chief Compliance Officer, had been educating herself on cybersecurity through industry resources but was still uncertain if her firm was properly protected. "My interpretation of the threat of cyber fraud began with attending compliance conferences and reading alerts that the SEC sent out," Konieczny said. "It was overwhelming, what we were supposed to know and do to address cybersecurity threats. It really hit home when we got a list of documents the SEC would be looking for if they came out on a routine examination." As a result, Konieczny asked employees of the firm's IT provider for the needed documents, and they seemed to have only one answer: "We don't have them."

"I called them in for a meeting," Konieczny said, "and I asked them what they were doing to track these reporting items. They looked at me and they said, 'You didn't hire us to do protective oversight. You hired us to make your computer programs and systems operational.' At that moment, I knew we had a huge vulnerability."

Many firms who institutionalize their business operations are discovering that this commitment to excellence can be a competitive advantage as well as a potential driver for increasing a firm's value. Our experience shows that firms who implement standard and consistent practices through technology and operations and take the critical steps to manage risk can better support their strategic business goals, help create scalability for future growth, deliver better service, and improve the overall client experience. To achieve operational excellence, however, a firm must do many things, including but not limited to developing the



**Top Performing Firms** managed 53 clients per professional and spent **13 hours** per client for operations and administration, nearly **25% less time** than firms with over \$250 million AUM.



**To see how Capital Advisors overcame this obstacle, see the full Case Study on page 13.**

right tech stack, integrating between systems, training team members, creating a scalable infrastructure, and establishing a culture of compliance. In the face of an ever-changing landscape of regulatory and compliance risks, the importance of a robust compliance program cannot be understated. This paper, however, primarily focuses on improving productivity with technology, developing standardized and repeatable business processes, and creating a culture of protection.

### Improving productivity with technology

Since 2015, firms have increased operational productivity while maintaining client service levels. In fact, advisors are managing more clients and AUM in 2019 than they did in 2015 (see Figure 1 on page 4). Most notably, however, is that the amount of time spent on client service remains unchanged. This is because

**In this paper (one of a six-part series), we explore how practicing operational excellence creates capacity so that firms can reinvest it where it matters most—with their clients.**

Institutionalizing your business through technology and operations provides operational discipline, allowing you to maximize scalability, manage risk, and build a solid infrastructure so that you can reinvest time where it matters most – with your clients, protecting the trust that you have built.

Adam Moseley, a Technology Consultant with Schwab’s Business Consulting and Education team, shares his thoughts: “In my 20-plus years in this business, I’ve seen firsthand how hard advisors have worked to grow their firms and gain their clients’ trust, and I believe achieving operational excellence and managing risk is essential to helping you protect both.”

**Adam Moseley,**  
Director,  
Business Consulting and Education,  
Schwab Advisor Services

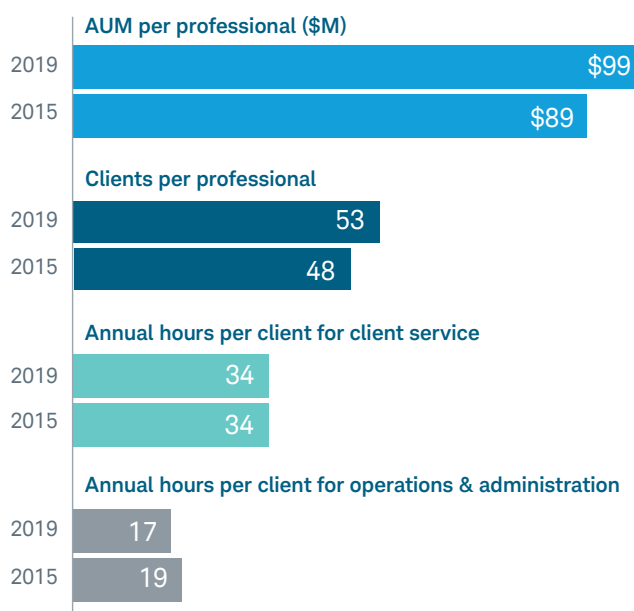


many firms have been successful at decreasing time spent on operations. Further, Top Performing Firms—the firms that rank in the top 20% on the Firm Performance Index in Schwab’s annual RIA Benchmarking Study (see page 7 for more information)—are managing 53 clients per professional while spending 13 hours per client for operations and administration annually. That’s nearly 25% less time than all other firms with over \$250 million in AUM. What are these firms doing so differently that allows them to manage more clients but spend less time on operations? Simply put, they have made the strategic decision to weave technology into their business to support day-to-day operations as well as streamline and automate key business processes that enhance the overall end-client experience. Top Performing Firms understand that efficient and effective client interaction remains vital to client satisfaction, retention, and referrals, and they are more likely to leverage digital touchpoints, such as digital signatures for custodial forms, digital forms, and screen sharing (see Figure 2 on page 5). And while a digital experience that leverages technology and digital touchpoints helps to put clients first through more efficient interactions, it also:

- Improves the staff experience and creates opportunities for hiring next-gen talent who are often attracted to a firm because of its state-of-the-art digital capabilities
- Streamlines core custody tasks and reduces errors while nearly eliminating items that are not in good order (NIGOs)

FIGURE 1

**Advisors have maintained client service levels while increasing productivity**



Median results from the 2016 and 2020 RIA Benchmarking Study from Charles Schwab. Results for all firms with \$250 million or more in AUM.



Learn more about **Schwab’s RIA Benchmarking Study.**

Please see page 18 for full list of Additional Resources.

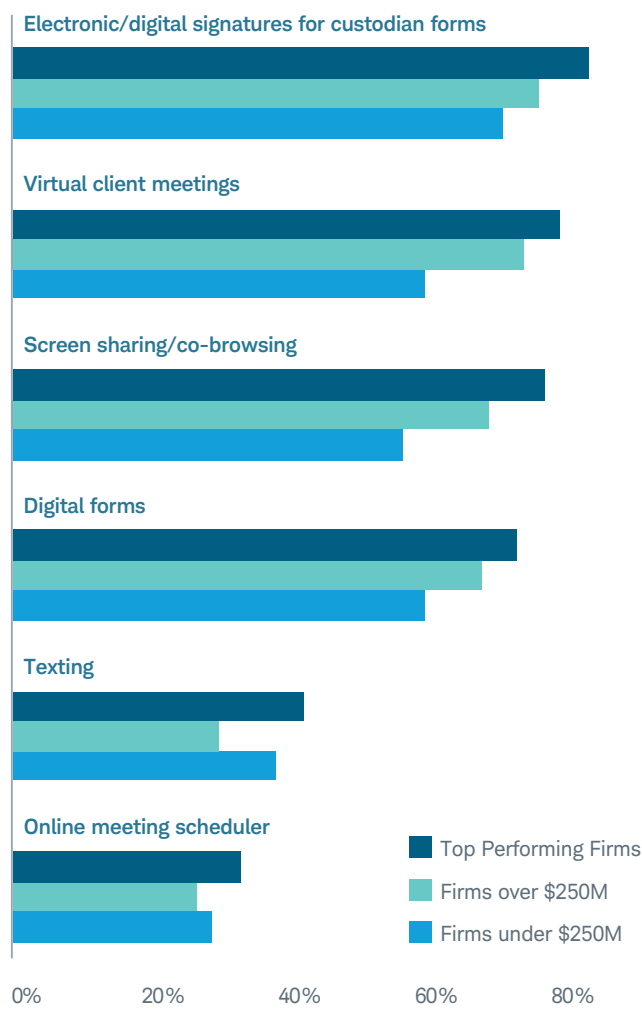
- Reduces reliance on paper, thereby improving the security and overall efficiency of the business
- Helps turn a firm's long-term vision for the future into reality

Further, when technology supports a firm's overall business strategy, it offers a higher return on investment and the ability to achieve meaningful scale, thereby creating capacity for advisors to focus more time on clients.

FIGURE 2

### Top Performing Firms are more likely to leverage digital touchpoints to enhance the client experience

Firms with strategy implemented

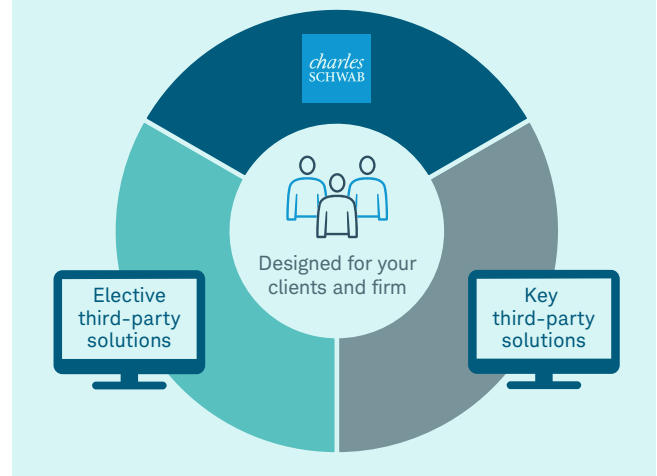


In our experience, improving productivity with technology also means a firm has the right tech stack that is aligned to best meet the needs of their ideal client and their staff. The tech stack accounts for what a firm receives from their custodian's platform as well as third-party providers—what we call “key” and “elective” third-party solutions (see Figure 3). Key third parties tend to be the solutions a firm will want early in their life cycle such as portfolio accounting, a client portal and mobile app, client relationship management (CRM) systems, and financial planning applications (if the firm offers financial planning as a service). Elective technology such as rebalancing systems, research platforms, or document management, then, tends to be implemented as a business matures or evolves. There has also been a renewed focus on virtual desktops, videoconferencing, and other screen sharing and digital communications technology to allow advisors to work efficiently in a remote setting. This is a trend that grew in significance when the COVID-19 pandemic began but continues as firms offer more remote working options as part of a competitive package to attract and retain talent.

Having a strategy that is digitized and integrated also means having choice and flexibility—this is where the power of API integration comes in. Many firms improve their technology stack through API integration, allowing their advisors to view real-time data from their custodian in the system of their choice,

FIGURE 3

### Schwab's consultants help you design the technology strategy that best meets the needs of your clients and firm



## Schwab's technology helps you put clients first

The Schwab platform offers a secure, best-in-class digital experience and includes many of the tools advisors need to support their day-to-day operations and the end-client experience including:

- Advisor portal (Schwab Advisor Center®)
- Dynamic digital workflows such as digital account opening and easy approval for move money requests
- End-client web and mobile access to make it easy for clients to securely approve money movements, address changes, account opens, as well as directly manage these account updates themselves whenever it's more convenient (Schwab Alliance)
- An end-to-end automated investment management or robo platform (Institutional Intelligent Portfolios®)
- Real-time market data and trading (Schwab Advisor StreetSmart Edge®)
- Essential performance reporting and billing (Schwab Advisor Portfolio Connect)
- A range of high-quality integration with 160+ leading technology providers

such as real-time cash balances. API integration also allows advisors to take action from one system, such as moving money, and send that information to their custodian. API integration is the most seamless and flexible integration option, and enables development of deep, customized experiences with a custodian's data and workflows directly within the advisor's technology platforms. This empowers staff members of the firm to work within the systems they already use, rather than switch between systems to perform everyday tasks and workflows. While eliminating the need to switch between systems is a seemingly small advancement in a firm's operations, it can have significant results through increased accuracies and efficiencies that impact the overall business from both a client satisfaction and financial perspective.

As part of a firm's effort to institutionalize their business, many leaders also opt to centralize certain business functions via technology, such as performance reporting, investment research, and trade execution. Nearly 9 out of 10 firms with over \$250M in AUM, and almost three-quarters of firms under \$250M in AUM, centralize performance reporting, according to the Benchmarking Study. This practice not only helps streamline operations and create capacity, but also results in efficiencies in the form of time and money. In fact, some advisors regularly review their organization to ensure their firm can efficiently and profitably handle all of their client relationships, building thresholds into their hiring processes based on AUM or number of client relationships.



To achieve scale and efficiency, firms consistently challenge themselves to find better ways of completing tasks and serving their clients, such as trading traditional methods of tracking, managing, and communicating for digital solutions.”

### Janelle Ward,

Director

Business Consulting and Education  
Schwab Advisor Services

## Developing standardized and repeatable business processes

Another way firms grow their capacity and institutionalize their business is by creating consistent and repeatable workflows or processes. Having standardized processes—and the technology to support them—enables a firm to provide a seamless experience that clients value. Firms with consistent and repeatable processes know that all clients receive the same high-quality experience, regardless of who is engaging with them, and that unnecessary gaps or overlaps have been eliminated. Many outperforming firms with institutionalized processes start with a client journey mapping exercise. Client journey mapping is a client-centered approach to

## The Firm Performance Index: Top Performing Firms

Schwab's Firm Performance Index helps RIAs assess the strength of their overall business by looking at 15 key metrics. The goal of the index is to help advisors identify strengths and potential opportunities that align with the Guiding Principles for Advisory Firm Success, a foundational framework that helps RIAs navigate the complexities of growing their businesses.

The index evaluates all firms participating in Schwab's RIA Benchmarking Study, encompassing all sizes and life cycle stages. It takes into account the most important aspects of running a business: growth in clients, assets, and revenue; client and staff attrition; operating margin; time spent on client service and operations; and the use of standardized workflows. The index also factors in documented strategic plans, succession plans, ideal client personas, and client value propositions. Top Performing Firms excel in these areas, ranking in the top 20% of the index overall.

### Top Performing Firms excel across key metrics

Metric	Top Performing Firms	All other firms	Multiple
Growth in assets from new clients in 2019	8.3%	4.1%	<b>2.0x</b>
5-year client compound annual growth rate	11.3%	4.2%	<b>2.7x</b>
Client attrition	2.2%	3.7%	<b>0.6x</b>
Staff time spent on client service (higher percentage improves ranking)	61.8%	55.9%	<b>1.1x</b>
Staff time spent on operations (lower percentage improves ranking)	26.3%	30.0%	<b>0.9x</b>
Firms with a written strategic plan	74.5%	54.2%	<b>1.4x</b>
Firms with a documented ideal client persona/profile	68.0%	54.1%	<b>1.3x</b>

Median results unless otherwise noted. Top Performing Firms are those ranked in the top 20th percentile of the Firm Performance Index. All other firms are those ranked below the 80th percentile of the index.

process redesign aiming to create a seamless experience based on a firm's ideal client, while boosting efficiency and productivity across the firm. A client journey map details every step of a client's interaction relative to a specific process, such as onboarding of clients or preparation for client review meetings. Through this exercise, firms look at which employees are doing what at every stage and how clients are thinking and feeling about their experience. The process enables firms to identify overlapping responsibilities that lead to duplicated work, as well as client pain points such as excessive delays or repeated requests for the same information. It also enables firms to identify elements that are working well or are providing an exceptional client experience. By taking a close look at each step of a process and identifying gaps and pain points, firms can decide what changes might help to improve the experience for both clients and employees. As a result of this work, many firms can reassign tasks, making sure to preserve the time of senior-level staff for working with clients and generating new business. Further, the process provides development opportunities for team members by increasing their responsibilities and enabling them to take on other aspects of the client

experience, such as preparing materials for the client review meeting. See Figure 5 on page 9 to learn how one firm redefined their roles and responsibilities through client journey mapping.

### Mapping the ideal client journey

Improving how you get things done can have a big impact on your business and its capacity to add scale. Typically, fewer than half of advisors say they use workflows efficiently and effectively. Among advisors who have put effective workflows in place, nearly two-thirds reported efficiency gains of 20% or more. For a five-person firm, that's like adding another staff member without any increase in the compensation budget.

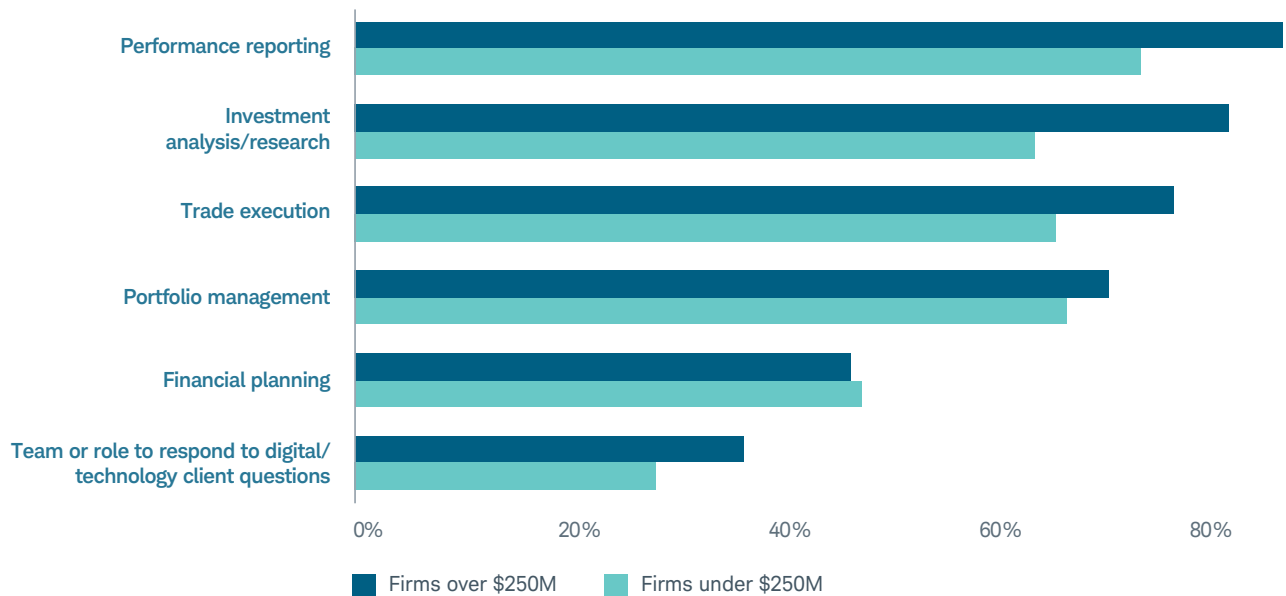


**Learn about Schwab's Mapping the Ideal Client Journey program.**

FIGURE 4

### Centralizing business functions creates efficiency and capacity to spend more time with clients

Firms using centralized function to achieve scale





## Creating a culture of protection

Operational excellence is about not only maximizing scalability, but also managing a firm's risk exposure through a strong culture of compliance and a robust cybersecurity program. Every firm needs a comprehensive strategy for protecting itself and its clients from the threat of fraudulent cybercrime. As technology advances each year and becomes more

ingrained in a firm's infrastructure, the chances of a cyberattack increase. Firms that implement and maintain a robust cybersecurity program are better positioned to protect not only their firm and client information from theft or misuse, but also their firm's reputation by shielding the trust of their clients.

FIGURE 5

### Redefining roles and responsibilities through client journey mapping

When Bordeaux Wealth Advisors, a West Coast firm with \$2.5B in AUM, completed a client journey mapping exercise—a client-centered approach to process design—to examine their quarterly client meeting workflow, the firm was able to identify all necessary individual tasks, consolidate many of them, and better align them against specific roles depending on seniority and how the firm intended to maintain a high standard for their client service experience.

Role	Responsibilities
Senior Advisor	Lead the meeting, conduct final review of all meeting materials, and discuss changes with the team
Wealth Advisor	Assign contact of client and meeting scheduling to Associate Wealth Advisor through CRM, send information request to clients, review draft materials, complete pre- and post-meeting notes, and determine follow-up
Associate Wealth Advisor	Identify needed manual client information, prepare meeting materials, proofread final materials, and update CRM
Client Services Associate	Generate and track internal tracking list of potential client meetings; prepare materials, investment paperwork, and operational forms needed for client signature at the meeting
Client Services Assistant	Send reminders and materials to client, store meeting notes, and assign follow-up in CRM

By clearly defining every task and assigning them to the most appropriate team members, Bordeaux was able to free up time for advisors and senior advisors, as well as establish the need for a second Client Services Associate given management's review of servicing capacity. As a result, the firm began their recruiting process to find a candidate who could meet all of their requirements for the CSA role.

While technology helps firms become more efficient and meet their business demands, firm leaders have to think of every device and remote access feature as increasing their firm's attack surface and offering a potential entry point for cybercriminals to attempt to steal sensitive data. Protecting those assets is integral to a firm's success, and several safeguards—including hardware and software—are necessary to secure data and systems, maintain appropriate levels of access, and conduct regular assessments of security infrastructure. Further, the Securities and Exchange Commission (SEC) has made cybersecurity an area of emphasis for the past several years, and many states have adopted similar positions in accordance with SEC guidelines, making it clear that advisors and investment companies should have policies and procedures in place covering both existing rules and the developing expectations for cybersecurity best practices. A robust program not only affords firms the resiliency to defend against an evolving and determined cybercriminal community, but also prepares them for regulatory scrutiny.



“When it comes to risk, you don't want to be the headline. Being prepared and having strong compliance and cybersecurity programs will help you understand your risks and address them—keeping negative stories about your firm out of the news.”

**Paul Ewing,**

Senior Technology Consultant  
Business Consulting and Education  
Schwab Advisor Services



To keep up with the latest compliance insights **Schwab's compliance and regulatory resources.** [🔒](#)

**When identifying and mobilizing your governance team, consider the following:**

- What is your firm's overarching management structure for supporting your cybersecurity program? Who is the program owner? Who are the program stakeholders?
- Does your firm have a steering committee (e.g., information security leadership team) responsible for the overall governance of information security, coordinating security initiatives for the firm, assessing requests for policy exceptions, etc.?
- What are the principles, expected behaviors, and roles and responsibilities for personnel, teams, and committees responsible for cybersecurity at your firm?
- How often do you meet as a leadership team to discuss your cybersecurity program?
- What are the reasonable resources and personnel available at your firm for performing such tasks and distributing the workload?

The challenge of keeping a firm's security infrastructure current and sufficient can become overwhelming, yet meeting this challenge is vital to the firm's longevity. For many firms, that challenge is compounded by limited resources and the fact that it may not be possible to have a chief information security officer, an information security person, or even a dedicated technology role. In fact, according to the Benchmarking Study, 38% of firms with \$1B+ in AUM have a technology professional on staff. That number drops significantly to 6% of firms with \$500M-\$1B in AUM and falls even further to 1% for firms with \$100-\$500M in AUM. A strong cybersecurity program, however, should include a single individual responsible for information security across the firm and an information security leadership team to provide firmwide support. This team, which includes management representatives from key functional groups, meets regularly to provide direction and guidance on the overall program. The team is also responsible for determining acceptable risk levels for

# Cybersecurity

A strong cybersecurity program combines a documented strategy, a solid security infrastructure, and a culture of protection across all stakeholders. Based on our relationships with RIAs nationwide, the Schwab Business Consulting and Education team provides extensive resources and tools designed to help you build, maintain, and strengthen your firm's cybersecurity efforts.

## 5 STEPS



### STEP 1 Set the stage

- Establish governance and roles.
- Understand the regulatory environment.
- Align and communicate leadership expectations.
- Take inventory of firm hardware, software, data, and vendors.



### STEP 2 Assess your program

- Determine your current state.
- Define your target state.
- Identify security control gaps.



### STEP 3 Create an action plan

- Assess gaps and define actions.
- Prioritize needed actions.
- Assign owners and target completion dates.
- Identify and plan for risks and challenges.



### STEP 4 Implement and document

- Execute your action plan.
- Communicate with firm leadership.
- Document and implement policies and procedures.
- Conduct training.



### STEP 5 Establish ongoing maintenance

- Test, monitor, and audit.
- Maintain inventory, and conduct periodic risk assessments.
- Provide ongoing staff and client training and education.
- Monitor regulatory environment and industry trends.

the firm, which cybersecurity initiatives to prioritize, and other key decisions. A firm's information security team can be tailored to suit the size of the firm and scope of activities, with key individuals playing multiple roles outside of their day-to-day activities.



When it is not feasible to dedicate internal staff to manage a robust cybersecurity program, some firms turn to third-party vendors to perform such duties as assessing information technology risk, conducting vulnerability testing, or managing the program. This path, however, does not relieve the firm from oversight of that third-party provider and often means having to ask informed questions of the provider—of all their vendors, in fact—so they know exactly what services they are receiving or not. Having a strong cybersecurity program and being able to ask the right questions helps firms understand what steps are being taken on their behalf to protect their data and ensure they are fully protected. Furthermore, asking the right questions can reveal potential gaps in their infrastructure and identify where further action is needed.

Cybersecurity, however, is not only about protecting a firm's information technology—it's also about treating cybersecurity as a human resources matter. Regardless of a firm's size, the best firewalls and most

expensive technology cannot offer adequate protection if employees don't understand their roles within the cybersecurity process. As the threat landscape has evolved, hackers and criminals have come to depend on weaknesses in the human element of cybersecurity. In fact, one of the most important things firms can do is focus their cybersecurity efforts on their people. Ninety-five percent of firms with \$250M or more in AUM emphasize employee training related to cybersecurity initiatives, and many have programs that increase client awareness and education about cybersecurity. These firms understand that their people become their best and first line of defense against cybercrime. That is why many firms start by making cybersecurity investments in their people. In doing so, they create a highly adaptive human firewall that is better at protecting a firm than any technology they could ever deploy.

“Don't make the mistake of thinking of cybersecurity as an information technology matter. It is as much a human resources matter. The chances of your people being targeted are far greater than your infrastructure being targeted.”

**Adam Moseley,**  
Director  
Business Consulting and Education  
Schwab Advisor Services

## A trusted resource

Capital Advisors, Inc. is a regional wealth management firm with a team of 45 and about \$3.5 billion in assets under management. Founded in 1978, the firm is headquartered in Tulsa, Oklahoma, and has regional offices in Dallas, Houston, Oklahoma City, and Birmingham, Alabama. Debra Konieczny, Chief Compliance Officer, is responsible for the firm's cybersecurity efforts. When leaders of this regional firm decided to check on the cybersecurity reporting maintained by their IT provider, they found little of what they needed. Inspired by previous experiences with Schwab, they turned to Schwab's Technology Consulting team for help strengthening their program.

### A pivotal moment

"My interpretation of the threat of cyber fraud began with attending compliance conferences and reading alerts that the SEC sent out," Konieczny said. "It was overwhelming, what we were supposed to know and do to address cybersecurity threats. It really hit home when we got a list of documents the SEC would be looking for if they came out on a routine examination."

Konieczny asked employees of the firm's IT provider for the needed documents, and they seemed to have only one answer: "We don't have them."

"I called them in for a meeting," Konieczny said, "and I asked them what they were doing to track these reporting items. They looked at me—this was a pivotal moment—and they said, 'You didn't hire us to do protective oversight. You hired us to make your computer programs and systems operational.'

"At that moment, I knew we had a huge vulnerability. And the first place we turned was to Schwab's Technology Consulting team."

## Case study at a glance

**Guiding principle:** Operational excellence creates capacity

**Firm name:** Capital Advisors

**Firm size:** \$3.5B in AUM

**Firm origination:** 1978

### Opportunity

After identifying a vulnerability in their cybersecurity efforts, the firm's leaders knew they needed to strengthen their overall cybersecurity program.

### The strategic planning team



**Debra Konieczny**  
Chief Compliance Officer,  
Capital Advisors



**Page Adlington**  
Senior Technology Consultant  
Business Consulting and Education  
Schwab Advisor Services

### Seeking guidance

"The gift that Schwab gave us was to reach out and make themselves available to us at a time when we were grasping for anything we could find," Konieczny said. "I really appreciated hearing them say, 'We know what you need. We've done the work, and we'd like to help you strengthen your approach to cybersecurity.'"

“We’ve collaborated with Schwab for 15 years or so,” added Keith Goddard, the firm’s CEO and Chief Investment Officer. “We’ve engaged in their programs for advisory firms before, where the consultative side of Schwab comes out to lend a hand. And every time we’ve invited them in, we’ve been glad we did.”

“We felt pretty desperate for help on the topic of cybersecurity, and it was top of mind for our leadership and for Debbie at the time. We were eager to jump in again because we’d had good experiences in the past with Schwab’s consulting team.”

### **Tackling the threat**

The components of the Schwab engagement helped Konieczny and her firm get a jump-start on fortifying their program. “The first was the worksheet that clearly outlined what the SEC wanted in the five areas they defined,” Konieczny explained. “Then there were the conversations we had in the different areas of our firm to establish what we knew, what we needed to know, and how we could communicate with the team.”

“And then there was our Schwab technology consultant, who walked us through the process and said, ‘Here’s what you need to document. Here’s where you need to start responding. This is the committee you need to specialize in this area of risk.’ It covered many spokes of a wheel.”

### **A culture of awareness**

“The cybersecurity engagement is even affecting the way we interact with one another,” Goddard said. “For example, we worked with Schwab to get help in conducting email simulations to help employees gain awareness of what’s arriving in their email, what not to open, and how to communicate with each other about potential fraud.”

“Any time there’s an attempted wire fraud or a suspicious phone call or email, we’re sharing those stories with the entire firm,” Goddard said. “We’re also sharing suspicious emails as they’re discovered so we can show examples of what not to open. Going through this process with Schwab has brought our whole culture of awareness to a new level.”

“For me,” Konieczny said, “the biggest takeaway from Schwab’s cybersecurity engagement was a depth of knowledge about what threats are out there and what road to take to most efficiently and cost-effectively defend against them. Schwab’s Technology Consulting team and resources were so thorough and easy to work with, and now we have the process and knowledge base we need to tackle the cybersecurity threat.”



Change is inevitable. Your business will evolve with the industry and regulatory expectations. Cybercriminals will also evolve and develop new methods to breach your defenses. Establishing a process to maintain your cybersecurity helps defend your firm against new threats.”

**Page Adlington,**  
Senior Technology Consultant  
Business Consulting and Education  
Schwab Advisor Services

## Conclusion

Operational excellence is a key pillar in the Guiding Principles for Advisory Firm Success. Not only does it allow firms to achieve greater scale and build a solid infrastructure to support the business and its envisioned future, but it is also critical in helping firms manage risk and protect themselves from compliance and regulatory issues as well as cyber threats. While the operations and processes that run a business may look different for every firm, leaders who establish a consistent and repeatable way of operating can create an experience clients can depend on. Not only are staff in a position to provide the same compelling experience each time, but key-person risks are eliminated, reducing the likelihood that the client experience will suffer.

In addition, technology helps to create an integrated environment that produces greater efficiencies and effectiveness, leaving firms less exposed to external forces that can wreak havoc on a business in the form of cyber fraud or noncompliance with regulatory requirements. While these are just a few areas that encompass operational excellence, firms who thrive in this area are better positioned to create capacity because their people are no longer tied down with operational activities or left navigating risk-filled waters, but instead are able to spend more time in front of clients nurturing trust and building relationships.

### Get started:

- 👉 Watch a quick introduction to client-centered journey mapping.
- 👉 Participate in our on-demand **Virtual Practice Management** program series, **Strengthen Your Cybersecurity Program**. 🔒

# The Guiding Principles for Advisory Firm Success

These principles act as a framework for helping advisors address the complexity of growing and managing their firms. The principles are not a checklist and don't have to be approached sequentially. Rather, they are essential elements advisors will need to address over and over as they approach key turning points at different AUM levels.

 **Click on the following titles to download each white paper and learn more about the principles.**



## Effective planning and execution is a leading indicator of success



Growing your firm requires focus, strategic planning, and an innovative mindset. Establishing a shared vision for the future, creating alignment, and driving effective execution power your growth engine and provide a clear understanding of the future and how you'll get there.

“Developing a strategic plan has been a game-changer for us. It has brought us clarity and confidence, and it couldn't have been simpler or more straightforward, thanks to Schwab's process and support.”

**Matt Taddei,**  
President and CEO,  
WestHill Financial Advisors



## Value is defined through your clients' eyes



Firms thrive when focusing on the client experience from their clients' point of view. When every person, process, service offering, and system maintains an extreme focus on your ideal client, you are able to differentiate your firm in an increasingly competitive landscape.

“If you are going to grow your business, you start with the question ‘Who is your target audience?’ and then evolve your offer around that. That's how you stand out.”

**Alex Katz,**  
Chief Growth Officer,  
Summitry



## Operational excellence creates greater capacity for clients



Institutionalizing your business through technology and operations provides operational discipline, allowing you to maximize scalability, manage risk, and build a solid infrastructure so that you can reinvest time where it matters most—with your clients, protecting the trust you have built.

“Having consistent and repeatable ways of running your business is a reflection of the experience you provide your clients. It helps you to be proactive and thoughtful as well as do things in a meaningful way so that you can scale your business and grow.”

**Paul Ewing,**  
Senior Technology Consultant,  
Business Consulting and Education,  
Schwab Advisor Services





## Your reputation is your brand



Every aspect of your firm—employees, centers of influence, clients, and even your digital presence—should effectively amplify your firm’s reputation within the community you serve, in a way that increases referrals and generates new business.

“Every interaction is an opportunity to reinforce what we do best. From there it starts to snowball as more people talk about what we do. Referrals just start to happen over time.”

**Brock Gearhart,**  
Chief Executive Officer,  
Greenwood Gearhart



## People are your most important asset



Creating a cycle of opportunity to attract and retain top talent helps ensure continuity of your firm’s people, culture, and values as you prepare for the future. That’s why having a high-performing and diverse team, unlocking their potential, and rewarding and developing the next generation of leadership is a long-term commitment and critical to building a legacy.

“Firms that invest in recruiting and hiring, developing their team, creating a competitive compensation plan, and designing a path to equity are investing not only in their people, but also in the future success of their business.”

**Nikolee Turner,**  
Director  
Business Consulting and Education  
Schwab Advisor Services

## Additional Resources

### The RIA Benchmarking Study from Charles Schwab

<https://advisorservices.schwab.com/managing-your-business/business-consult/benchmarking>

### Introduction to Client Journey Mapping video

<https://advisorservices.schwab.com/introduction-to-client-journey-mapping>

### Practical cybersecurity for advisors

<https://advisorservices.schwab.com/resource/practical-cybersecurity-for-advisors>

### Virtual Practice Management program series, Strengthen Your Cybersecurity Program

Schwab Advisor Center > Virtual Practice Management 

## Guiding Principles six-part white paper series:

### A foundation for success

[advisorservices.schwab.com/guidingprinciples/executivesummary](https://advisorservices.schwab.com/guidingprinciples/executivesummary)

### Effective planning and execution is a leading indicator of success

[advisorservices.schwab.com/guidingprinciples/planstrategically](https://advisorservices.schwab.com/guidingprinciples/planstrategically)

### Value is defined through your clients' eyes

[advisorservices.schwab.com/guidingprinciples/createvalue](https://advisorservices.schwab.com/guidingprinciples/createvalue)

### Operational excellence creates greater capacity for clients

[advisorservices.schwab.com/guidingprinciples/maximizescalability](https://advisorservices.schwab.com/guidingprinciples/maximizescalability)

### Your reputation is your brand

[advisorservices.schwab.com/guidingprinciples/communicatevalue](https://advisorservices.schwab.com/guidingprinciples/communicatevalue)

### People are your most important asset

[advisorservices.schwab.com/guidingprinciples/investintalent](https://advisorservices.schwab.com/guidingprinciples/investintalent)

Matt Taddei, Keith Goddard, Alex Katz, Brock Gearhart and Debra Konieczny are clients of Schwab and were not compensated for their comments. The experience described may not be the experience of all clients and is not a guarantee of future performance or success.

For general informational and educational purposes only.

This material is for institutional investor use only. This material may not be forwarded or made available, in part or in whole, to any party that is not an institutional investor.

These materials are provided as a convenience. They are provided entirely as is, without warranties of any kind. Use of the materials is at your own sole risk and liability. Schwab does not provide legal, regulatory, tax or compliance advice. Consult professionals in these fields to address your specific circumstances.

Neither Schwab nor any of its affiliates makes any warranty, express or implied, or assumes any liability or responsibility for the accuracy, completeness, regulatory compliance, or usefulness of any information, tools, resources, or process disclosed, or represents that its use would protect against cybersecurity or fraud incidents, including but not limited to a system breach, compromise of security, and/or improper access to confidential information. Neither Schwab nor any of its affiliates or employees is responsible for any damages or other harm that might occur as a result of, or in spite of, the use of any information, tools, resources, or processes disclosed. You are solely responsible for securing your systems and data.

The above mentioned firms and their employees are not affiliated with or employees of Schwab unless otherwise noted. Mention should not be construed as a recommendation, endorsement of, or sponsorship by Schwab. The views expressed are those of the third party and are provided for informational purposes only. Experiences expressed are no guarantee of future performance or success and may not be representative of you or your experience.

### About the 2020 RIA Benchmarking Study from Charles Schwab

Schwab designed the RIA Benchmarking Study to capture insights in the RIA industry based on survey responses from individual firms. The 2020 study provides information on topics such as asset and revenue growth, sources of new clients, products and pricing, staffing, compensation, marketing, technology, and financial performance. Since the inception of the study in 2006, more than 3,700 firms have participated, with many repeat participants. Fielded from January to early April 2020, the study contains self-reported data from 1,010 firms that custody their assets with Schwab and represents \$1.1 trillion in assets under management, making this the leading study in the RIA industry. Schwab did not independently verify or validate the self-reported information. Participant firms represent various sizes and business models. They are categorized into twelve peer groups by AUM size. The study is part of Schwab Business Consulting and Education, a practice management offering for RIAs. Grounded in the best practices of leading independent advisory firms, Business Consulting and Education provides insight, guidance, tools, and resources to help RIAs strategically manage and grow their firms.

Past performance is not an indicator of future results.

The Firm Performance Index evaluates firms in the study according to 15 metrics that align with the Guiding Principles for Advisory Firm Success, to arrive at a holistic assessment of each firm's performance across key business areas. It provides comprehensive comparisons for all firms participating in the study, not just within a peer group. The metrics in the Firm Performance Index measure growth in clients, assets and revenue; client attrition; staff attrition; operating margin; time spent on client service; time spent on operations; standardized workflows; written strategic plan and succession plan; and ideal client persona and client value proposition. The Firm Performance Index is calculated among all firms in the study without regard to assets under management or firm type. Firms that rank in the top 20% of the index are included in the Top Performing Firms.

Schwab Advisor Services™ provides custody, trading, and the support services of Charles Schwab & Co., Inc. ("Schwab"), member SIPC, to independent investment advisors and Charles Schwab Investment Management, Inc. ("CSIM"). Independent investment advisors are not owned by, affiliated with, or supervised by Schwab.

©2021 Charles Schwab & Co., Inc. ("Schwab"). All rights reserved. Member [SIPC](#).

JUT (0424-47D5) MKT114239-02 (04/24)



charles  
SCHWAB

*Own your tomorrow.*