A Unique Succession Plan for Aging Advisors

Candid about what he calls "the big, looming issue of aging representatives in our industry," Dave Gorveatte of Investia Financial Services Inc. walks the talk, taking the very advice he gives his clients, and his colleagues: start planning EARLY.

All of my processes begin and end with client well-being, so the real impetus to starting the search for a viable successor as early as I did was to ensure a smooth transition. My goal was to have complete alignment between my business decisions and my clients' best interests.

Logic dictated bringing someone into my practice to shadow me over the long term – providing clients with an opportunity to build rapport and trust. Easier said than done, given that I was primarily a lone wolf, mainly encountering other reps at conferences or fund manager meetings. The bigger issue: aging demographics.

Start NOW

It wasn't just the grey hair I started to see in the mirror; I'd meet Advisors from various firms in the region in their 60s and 70s – with an even older, and often dwindling, client base. While those in pre-retirement were obviously not my viable successors, my seasoned colleagues did possess the qualities I was looking for – the credibility and ingrained client-service mentality that comes from experience.

While I kept a watchful eye out, I crystallized my plan for an optimal process: onboard the "right fit", and train them for a period much longer than what would typically be called a "training period"… long enough for my successor to begin to flourish – and long enough to support my clients as they adapt to change.

I'm heading into year two of a 10-year business succession. My advice to other Advisors: **start now**.

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The right fit

At the outset, I was looking for a "mini me;" somebody with the same sense of integrity, and drive. Sad to say, but a lot of Advisors in my shoes put money first, and not the customer – that's out of synch with how I've always run my practice. So, I developed an introductory test for my potential protégé… I'd offer them a specific assignment or task to help a client out for me, and if they'd say, "but there's no money in it for me," that would be that.

In 2010, Colin was a mortgage broker who came to my office to discuss possible synergies. His career was in the early stages, and I thought I could help, so I offered an empty office, and the use of the photocopier, phones, and admin assistance for the price of my morning coffee. He was 15 years younger, in a complementary field, intelligent and had an innate service ethic. When I'd ask for assistance on a client-related task that was challenging, complex or involved extra work without obvious personal gain, I could see his commitment to helping people. Over the next few years we had an open and ongoing dialogue about him becoming an Advisor, and despite considerable success in the mortgage field, he took the plunge in 2017. We became a team with a plan of action.

An atypical business transition

A typical succession often sees Advisors segment their book, assigning the smaller accounts to a younger rep, while maintaining close control on the "important" clients. The successor, charged with growing these accounts, has the steep slope of working with previously underserved clients, where this transition simply provides an opportunity for those clients to find an entirely new option.

I chose a different path. I'm slowly converting my individual accounts to joint codes in blocks – from smaller to larger accounts. I'm not turning over control, but rather phasing Colin in, while I remain senior, and ultimately responsible. So, I'll be involved with every client right up to the day I retire. Colin has been accelerating his experience through exposure to my practice, even prior to becoming an Advisor. And as for client perceptions, two heads prove better than one. This structure is also allowing me to ease into retirement – something I'd advocate to anyone, especially given the accessibility that Skype affords for team and client interactions. In fact, I'm going to test-drive a two-month sabbatical in 2019.

In terms of a formal succession agreement, we discussed logistics for about a six-month period. We crunched numbers to determine what made sense for him and for me; worked through financing; valuation; and every possible scenario and outcome. We now have a legal contract that ensures no grey areas for us, or our spouses, should one of us fall ill or predecease the baton pass.

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The results are in

I've always made it a point to be transparent with clients, and this transition is no exception. As we convert to a joint-account status, we're seeing the positive consequences of this approach.

First, the 10-year lead time makes clients feel important, comforted and mitigates any concerns. By setting the stage properly, and explaining what I'm doing and when, I'm showing them the respect they deserve for their long-term loyalty. Second, I now have even *more* time for them. While Colin is cultivating relationships, he's also doing some necessary and important functions that I was doing myself, like detailed fund analysis, allowing me to refocus my energy into where it belongs – client service.

Last, we articulate that we can provide a more comprehensive offering as a team – *and have the capacity to take on business*. That's led to an explosion of referrals. In fact, if this continues, we'll be on track to double our book over the next five years. While I'm grateful for the introductions I receive to higher-net-worth individuals from my existing clientele, with Colin on board, we're also able to help smaller clients in the earlier stages of building their nest egg.

A repeatable process

I want my clients to count on consistency after I retire, and so I'm passing values along through training. At the top of the list is an understanding of what true financial planning is and what it's not – namely, being a product salesman.

At initial meetings, for example, I require new clients to bring in their tax returns, so I can get a better handle on their situation. Similarly, I review their wills, powers of attorney, mortgages, cash flow and any other documentation that gives me an informed picture. Looking at debt, for example, allows me to make some immediate value-added suggestions, like using a line of credit to pay off a higher-interest car loan – or paying off a line of credit with money that's sitting in a low-interest savings account.

I also demonstrate a standard of communication. I clearly explain my practice, my investment approach and my fee structure, so that there are no secrets. I also talk about time management – both mine and theirs. Clients are in control of how often we get together; their preference is either booked on the spot, or my assistant calls promptly to set up the next meeting. I have appointments in the calendar a year out. We're proactive – no one goes without a face-to-face during the year. I'm not that rep you never hear from.

Continuous improvement also plays a critical role in my practice. My drive to differentiate myself, and add value, led me to take law and accounting classes. Colin has followed suit – supplementing his multiple degrees with courses in taxation and contract law. The most important thing I can model, however, is simply *to help*. Everyone needs a plan and everyone needs guidance to stay on track. Even today I make my retirement presentations public, and give seminars and ideas to people who may – *or may not* – become clients. I'm here to give advice. Full stop.

Our plan is that, within three to five years, we'll hire another person who will be entrenched by the time I retire, and we'll have put a repeatable transition process in place. And what my successor is seeing is that my approach – centred on the client experience – has resulted in a 20%-per-year growth rate in our practice. So why would he do it any other way?

Dave Gorveatte on BMO Covered Call Canadian Banks ETF Fund

When I tell clients about a diversified "bundle" of Canadian banks they understand it; the sector is a great segment of our marketplace and the theme is very easy to explain. In terms of the Fund, there's been decent growth, plus a 5% dividend. I also like the flexibility of the covered call approach. In fact, the underlying securities – individually – didn't do as well. It was the overlay that resulted in less volatility and better performance.

To learn more, or for other ideas to enrich your practice and add value for clients, contact your BMO Regional Sales Representative.

David Gorveatte

CFP®, CPCA, Certified Financial Planner, Investia Financial Services Inc.

David was born in October 1959 in Dieppe NB, David Gorveatte grew up in Dieppe and lived at 38 Gorveatte St. He graduated from Moncton High School in 1977. David went to Kingswood University in 1977-78, but left to pursue a career in finance with a major Canadian Chartered Bank in Sept of 1978. He worked in Chatham, NB for a year than was transferred to the Fredericton NB Branch in Dec, 1979.

David joined a major financial planning firm in the spring of 1983, and worked there for almost 20 years. While there, he received his CFP - Certified Financial Planner Designation.

David has been working with the Province of New Brunswick and various private firms doing Pre-Retirement and Financial Planning seminars throughout the province. David has been doing these seminars since 1984 because he enjoys working with the public and has a desire to educate them to be informed consumers. This passion for doing full service financial planning had brought him to Berkshire Financial in the summer of 2002 which was purchased by Manulife Securities in the summer of 2008. He has transitioned to Investia Financial Services Inc in the summer of 2011 and enjoys access to a wide spectrum of investment products and services. David specializes in retirement planning and tax planning for both individuals and firms.