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The Importance of Having Culture

Steve Rudolph is a consistent top-producing registered rep at an independent broker-dealer who is also an AIF, reflecting his fiduciary bona fides. He's a CPA who applies the lessons of behavioral finance as an investment-centric advisor at his 19-year-old firm, HW Financial Advisors.

He's also a veteran advisor who continually hires young people out of college for his firm and gives them real responsibility early on. He's a rainmaker who has grown his firm to \$600 million in AUM, but all 11 people at his firm, including six advisors, interchangeably work as a team based on their expertise and the client's need. Also, they're all compensated for that teamwork based on a different approach to 'production.'

Rudolph has long been focused on growing his firm, but he's also devoted plenty of time over the past seven years to raising money for an autism support group in his native Cleveland. That effort resulted in him being a finalist this fall for Volunteer of the Year from the Invest in Others foundation.

Secret of his success "Do good work for your clients and it will work out. Be a great advisor; you'll find it the most rewarding career," is his advice to fellow advisors and wannabes.

But there's something else. "It's the shared culture" at HW Advisors, he said. "I won't hire somebody who doesn't fit. We can't compromise" on culture even if the prospective hire could significantly help the bottom line.

Rudolph started his career as a CPA with Arthur Andersen in Chicago, but quickly realized, "Boy, did I hate it." To "pass the time," he started reading personal finance

magazines, which engendered a passion for financial planning and investing, and he then began to help family and friends with their finances.

Next he received an MBA at the University of Chicago, and planned to become an investment analyst or mutual fund manager. But then he met a planner at Ayco, later purchased by Goldman Sachs, who convinced him to become a financial planner at the firm.

“People are talking now about the new paradigm of ‘doing financial planning,’” Rudolph says, but Ayco was doing fee-based financial planning “a long time ago,” meaning the mid-1990s. After Ayco, he did a stint at IMG, but then decided to move on to start his own firm, affiliating with a local 100-person CPA outfit looking to expand into wealth management.

The rest is history, sort of. Rudolph says he started his firm “with no vision of sales goals.” Instead, “I wanted to build relationships — like a doctor who cared about patients.” The thought was that if he “did a good job for his clients, they’ll refer, the accounting firm will keep referring” and his nascent firm will grow.

Rudolph doesn’t hesitate to question conventional wisdom. “Some of my favorite moments have been telling clients that they’re not spending enough.” He adds that “some people would say you’re losing AUM, but that’s not part of our culture.”

One thing missing from that culture: silos. Yes, you have to produce, but not in the traditional broker way, Rudolph says.

“It may not be bringing in new business,” but rather “coming up with ideas that add value” to the client experience. An advisor who is “good at 401(k) plans? That business goes to him.” The same for a team member who’s an expert on Social Security claiming strategies. Team members’ compensation reflects the broader view of what constitutes production.

According to Rudolph, “We pay people a bonus and a salary; it’s not a pure ‘eat what you kill’” scheme. That allows Rudolph to pay a team member extra if “if he’s helping clients.”

Moreover, even younger people at the firm can be on track for a potential ownership stake. “We’re helping people with planning retirement” and achieving their other goals, Rudolph says. “It’s an honor to be doing this kind of work. Have these great relationships with your clients and you’ll succeed, period. And you’ll feel good about it.”

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* \$536 million in AUM (fee accounts)