



Berkshire

DIVIDEND STRATEGY

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"Casual Friday" Commentary

Casual Friday: Priorities + The Exceptional Advisor Part 2 – February 7th, 2025

Let's switch it up --- CASUAL SECTION FIRST! (Priorities) - Of course, Super Bowl

- -Top Gourmet Recipes for the Big Game: [Food 52](#)
- -Looks like a 30 second ad will run a cool 8 million. Accelerated by the Taylor Factor?

Survey:

- Who ya got in the Kick of Destiny? Peyton or Eli? As a former collegiate kicker, I'm gonna go with ELI since his footwork seems less clumsy than Peyton's.
- Will Taylor Swift join Kendrick Lamar at halftime?
- Who are you picking to win?



Needless to say, we're fans of the rotation this month





Both charts Finviz.com

Exceptional Advisors? (Part 2)

The Opportunity:

- \$125 trillion wealth transfer, yet 85% of kids fire their parents' advisor (Cerulli)
- More advisors over the age of 80 than under the age of 30
- 1/3 of advisors may want to retire in the next decade
- More complexity, but better tools (Planning software vs. "selling bonds from your trunk circa 1962"), more technology.

The Challenge:

- Increased competition
- Fee compression
- Rapid change which threatens the old ways of doing business

[In last week's Casual Friday](#) we shared the first set of foundational business paradigms that we believe will serve as the building blocks for advisors committed to excellence, change and taking it to the next level.

Elite Advisors:

- Are forming highly focused, highly specialized TEAMS who together package and deliver all-encompassing wealth management services to the wealthiest of families.
- **OUTSOURCE INVESTMENTS:** We see elite advisors tending to engage with a highly curated **outsourced investment partners**/models uniquely committed to their practice
- Create a disciplined repeatable process...in every aspect of business. Process. Process. Process. A key differentiator? Who can serve the most clients, aggregate the most AUM in the most efficient way? And a simple business plan or mission statement doesn't cut it. Many teams even have COO's who drive metrics for team and client performance.
- Focus on both sides of the balance sheet. Net worth is assets LESS liabilities, so how can you call yourself a wealth manager if you only focus on assets? An Envestnet

survey showed 84% of respondents wanted "loan and credit management" yet only 5% felt they received it. [Investnet Survey](#)

- Know how to “no.” They understand no piece of business is worth sacrificing scale, mission and efficiency. All AUM is NOT created equal. They don’t accept business that doesn’t fit, and they surely don’t cave to the short-term performance whims in the sake of client retention. Many advisors we know took significant (20-30%) hits to business near term to increase production later and work far fewer hours.
- Create simplified investment strategies that scale in a complicated world. Harness the power of simple compounding vs. macro. Think back over your career and all the hours and hours of research and discussions with clients about “macro” has it REALLY added value, or has harnessing long term compounding and time IN the market done the trick?
- Possess a growth mindset. The work is never done,
- **Don’t take my advice, the data is crystal clear. Advisors who outsource, have a niche, and do specialized planning have:**
 - 10 x referrals
 - 3 x average account size
 - 28% more time

[Source Kitces Niche Building](#)

More Services, More AUM?

**Exhibit 3
Practice Type
Archetypes, 2023**

	 Investment Planner	 Case-Based Planner	 Comprehensive Financial Planner	 Private Wealth Manager
Service Complexity	Money Management			Comprehensive Financial Advice
Description	Build basic portfolios and focus exclusively on asset management for nearly all clients	Provide modular issue-based planning with most clients. May emphasize asset management or financial planning as their value proposition	Develop complete financial plans with nearly all clients based on an extensive analysis of their goals, assets, and liabilities	Specialize in comprehensive wealth management with all clients
Advice Provided to Clients	Money management, basic financial advice	Investment management, targeted financial planning services such as retirement guidance and education funding	Investment management, a broad range of financial planning services including basic estate planning, insurance/ risk, etc.	Complete suite of financial planning and investment services including charitable giving, stock option planning, and complex trust and estate planning
% of All Industry Advisors	7%	57%	26%	10%
% of All Industry Assets	9%	50%	23%	18%
Average AUM per Practice (\$ millions)	\$285	\$210	\$230	\$822
Average Client Size	\$600,000	\$562,500	\$642,857	\$1,818,182
Core Market: % of HNW Clients (>\$5 million)	8%	7%	7%	37%
Average Practice Headcount	2.7	4.0	4.4	7.6
% of Practices with Specialized Staff	13%	21%	29%	52%
# of Planning Services Offered	3.9	6.7	9.5	9.6

Source: Cerulli Associates | Analyst Note: Cerulli assesses practice types through a series of survey inputs on various criteria. Although Cerulli buckets advisors into distinct archetypes to display data, many advisors believe a blend of the archetypes more accurately represents their practice. Cerulli assigns each advisory practice a core market range based on the investable assets of the majority of the practice's client relationships. Specialized staff roles include paraplanners, investment research, marketing, or compliance.

Have a great weekend!

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