
THE NEW RIA WORKPLACE

Will COVID-19 Change the
Way We Work Forever?

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Our industry, our country, and the entire world was turned on its head in March as local and federal governments began to institute widespread stay-at-home orders. While some RIAs were caught flat-footed from a technology perspective, the RIA industry has been luckier than many brick-and-mortar establishments that needed to completely shut their doors during this unprecedented time. With most custodial systems, financial planning tools, CRMs, performance reporting technology, and data file servers now in the cloud, many RIAs did not miss a beat when employees fired up their internet-connected computers from home and logged into their typical applications.

Working from home has undoubtedly required our teams to work harder, but at a high level it has been fairly close to “business as usual.” Clients are still being serviced: accounts are still being opened, wires are still being sent, model portfolios are still being implemented and rebalanced. Even those RIA owners who have historically been the staunchest opponents of remote work have had to admit that this forced experiment has gone better than anyone could have imagined. And as the stay-at-home orders have continued from weeks to months, **many are questioning if the traditional workday will ever look the same.** Much has been written and discussed about the technology advancements not just in our industry but in society at large, but for the first time, we are now examining the physical space we work in and what the physical office of the future will look like.

The RIA industry has always prioritized teamwork “as a strategy to achieve various benefits, including specialization, deeper internal intellectual capital, economies of scale and a broader service set,” according to the research firm Cerulli. Many RIA offices have adopted open floor plans to foster communication between team members and promote the sharing of ideas. Because of this, it came as quite a shock to many when they found themselves physically isolated from their team members. While they were armed with the proper technology to execute their daily tasks associated with serving clients, working from home has forced employers to overemphasize communication among team members, instituting morning check-ins among employees and departments as well as one-on-one check-ins with each employee to simply ask, “How are you doing?” RIAs

have also had to think of new digital communication tools such as Slack or Microsoft Teams, hoping to use email communication for client correspondence only and drive internal communication into another digital channel.

Feelings of isolation and lack of human connection should be top of mind for all employers and managers, and regular check-ins are a must. On the flip side, video meetings with staff have literally invited team members into each other’s homes, creating an even greater bond among coworkers. Instead of relying on desk photos of family members and pets, video calls have allowed children, spouses, cats, and dogs to meet coworkers and say “hello.” Many RIAs have instituted video happy hours, fitness challenges, pet calls, and other fun ways to maintain culture and continue the essential bond among staff.

While communication has been more difficult but still definitely doable with some mindset shifts and extra work, working from home has provided some surprising benefits as well. The average daily commute across the United States is approximately 50 minutes. When you focus on metropolitan areas and those employees relying on public transportation to get to and from work, many workers are spending 60 to 90 minutes per day shuttling from home to office. With work-from-home measures in place, that commute has been eliminated, putting time back in the hands of commuters and reducing some of the “hustle” from their day. The lack of commute alone has had some employees asking, “Do I ever have to go back to working from the office?”



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In terms of client communication and the connection advisors feel to those they are serving, video from home has had added benefits as well. Historically, many RIAs have stressed presenting a “professional” demeanor at all times with clients and prospects. Conducting calls from home with pets barking in the background and children occasionally “video bombing,” polished presentations have given way to genuine human interaction, creating an even stronger bond between advisor and client. Just like employees, clients have appreciated meeting with their advisor and getting a checkup of their financial health without the hassles of driving to the advisor’s office, trying to find parking, navigating complicated elevator banks, etc. Within minutes of concluding their meeting, clients are able to resume their normal daily activities without a lengthy drive home. This has led to clients being more willing to interact with their advisor on a more regular basis.

With clients saying, “I don’t need to come to your office like I used to,” and employees able to maintain their high levels of client service, many RIA owners are asking, “Why are we spending this much money on office rent?” For most RIAs, the three largest expense items are employee salaries, office rent, and technology. **If owners can reduce the size of their office space and not require employees to live in expensive metropolitan areas, they can reduce two of their three largest expenditures** as we come out of this pandemic—all without compromising client service.

In the following pages, we will explore what the office of the future could and should look like, long after COVID-19 is behind us. While we are still early in this process and it is still unclear as to exactly what “reopening” will entail, it is obvious that a “return to normal” will look different than it did in the past. Physical space will be reduced, office layouts will be adjusted, and shifts of employees coming in and out of the office will be instituted. As we all continue to push the industry forward, communication, technology, workflows, and processes will be more critical than ever.

THE NEW NORMAL

As discussed above, much has been written about the pros and cons of both office and remote work. To summarize the key points, we have included simplified charts in the following pages. As we dive into the possibilities of the “new normal” it is important to note that each firm will need to take time to self-evaluate, seek feedback from their teams and craft a new workplace unique to their needs and goals.



Polished presentations have given way to genuine human interaction, creating an even stronger bond between advisor and client.

Traditional Office

PROS

- A positive company culture is easier to attain because of face-to-face relationship building and comradery
- It may be simpler for management to delegate work with everyone in the office working at the same time
- Stronger compliance oversight/security exists in a centralized location
- Better internet connections (i.e. speed and security)
- Collaboration/innovation are more likely to occur and be more productive in person
- Team accountability is more likely to be successful when you physically see each other (i.e. it is much harder to hide)
- Nonverbal communication allows team members to discuss ideas more effectively
- Experiencing the sophistication of the office and the collaboration of team may be a “proof point” for clients and prospects

CONS

- With a heightened focus on work/life balance, commuting and parking have become issues for many employees
- Housing in major city centers can be very expensive, which can deter talent and/or force a firm to over-compensate
- Expensive office space/parking
- Office politics tend to thrive in a physical location (i.e. someone thinks two people are talking about them behind closed doors)
- Decreased productivity due to interruptions as it is easier to walk up to a colleague’s desk and cause them to get distracted
- Management will have a challenging time catering to individual beliefs/preferences in the post-COVID office environment
- Encourages a sedentary lifestyle

A positive company culture is easier to attain because of face-to-face relationship building and comradery



Work from Home

PROS

- Video conferencing from home allows clients to see professionals as 'humans' vs. 'salespeople'
- Eliminating commute can result in more time for family, exercise or personal goals
- Employees may save money on professional clothing/dry cleaning
- A home office could potentially be a more comfortable atmosphere with fewer office distractions. There could also be more concentrated "deep work" capabilities (if you don't have a busy home)
- Team members may save money by not going out to eat or paying for gas/transportation
- Flexibility to work in multiple locations (parks, yards, patios, couches, etc.)
- Companies can attract talent outside of their local community and may not have to expand physical locations to accommodate growth
- Some employees thrive working alone and feel it promotes independence

CONS

- Commuting allows for separation between work and personal life. Employees could end up feeling overworked or experience Zoom fatigue
- Management oversight is more difficult – it's harder to criticize what you can't see
- Team members may face reputational risk if the perception is that they are slacking. This might hinder career development, even if the quality of work has not changed
- Increased multitasking causes inefficiencies (i.e., checking email while on Zoom calls or doing laundry in-between meetings)
- Onboarding new people is challenging; they may never develop close relationships with co-workers
- Additional IT/equipment costs for employers as they set up employees at each of their homes; need to ensure healthy home offices (not hunched over laptop on coffee table, etc.)
- Lack of human connection could cause loneliness/mental health issues and be de-motivating to not 'feel the energy' of your team

Eliminating commute can result in more time for family, exercise or personal goals



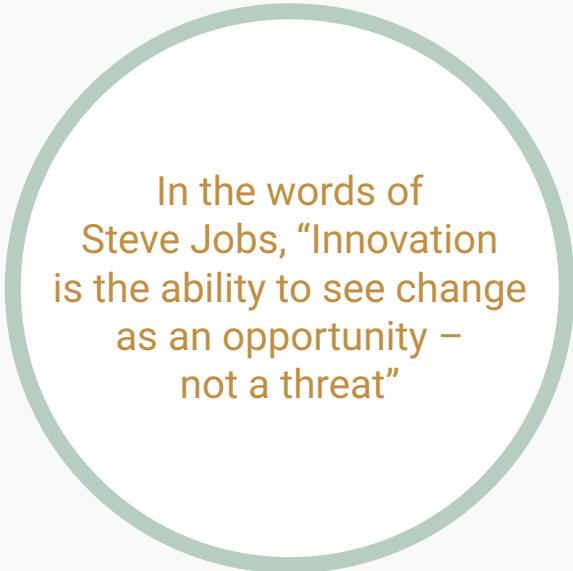
We believe the way forward will look very different than the past, and to adapt accordingly, firms must be creative and innovative. In the words of Steve Jobs, “Innovation is the ability to see change as an opportunity—not a threat,” and the firms that adapt to change will likely be best poised to acquire talent and service clients. After spending over two months working from home, most of your employees likely now have a preference for where they would like to work. **They either strongly prefer the structure of an office, favor the conveniences of working from home, or are somewhere in the middle and would like the flexibility to choose when and where they will work.** As leaders, we are going to have to make the challenging decision to either dictate the rules and/or allow the preferences of our employees to be heard. Either option is going to require preparation, thoughtful communication, and transparency to be successful.

Even though it is early in the process, most RIA leaders have been discussing a hybrid approach to the new workplace. This is consistent with a recent *Forbes* article titled “The New Normal Isn’t Remote Work. It’s Better,” which states that when given the option to work from home, “employees are reporting greater productivity and higher job satisfaction, which is translating into enormous profitability for their employers. By permitting offsite work, the businesses then get to access even more overhead savings, like lower real estate, equipment, and supply expenses.” Not only could the hybrid option work in favor of the employee, but also the employer. The question now becomes, what does a hybrid approach really entail? There are a multitude of options available, but the two points below have been the most discussed in study groups and collaborative sessions among RIA firms:

1. **Employees choose to either work full-time at the office or at home**
2. **Employees can periodically work from home or the office, and the office adopts a “hoteling” (shared workspace without assigned seats) model**

For the first option, we imagine that a few short-term benefits immediately materialize. Talent of the future will appreciate the flexibility to choose what works best for them and office spaces could be smaller and less costly. This could also allow for talented “9-5” employees (those not

interested in progressing their careers and who just enjoy doing their jobs) to work from home without hindering the energy/motivation of others. However, what happens when you work in teams and a client wants to come to the office to meet? Does the work-from-home employee Zoom into the meeting? Will scheduling become more complicated? If someone is starting their career on the advisory track at home, will they still be able to learn from their colleagues and peers? Or will the physical distance deter them and cause an out-of-sight, out-of-mind effect? These are all important questions to ask if you go with option one.



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For the second option, firms may need to be more creative with space planning. Potentially incorporating multiple shared workspaces—one for general work and another “silent” space for deep work with private phone booths and conference rooms available for meetings. This would allow employees to choose the environment that best fits their personality and work style. But beware, you may also be subsequently eliminating perks that senior employees love—private offices. From a cultural standpoint, this could be either beneficial or damaging. Beneficial if you are trying to flatten the organization and eliminate the mentality of “climbing the ladder” or status seeking. Damaging if you do not have other ways to reward excellence. We all know that in the absence of value, price matters. And if traditional

rewards such as private offices suddenly disappear, beware of increased demands for compensation or other perks if you are not thoughtful in rewarding employees through other means (i.e., leadership, task forces, collaboration, autonomy, entrepreneurship, etc.).

It may also be important to help your employees evaluate what work environment suits them best. A recent *Business Insider* article outlined traits of a good remote worker as those who are able to self-regulate, have a good home office environment, will proactively engage with colleagues,

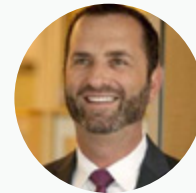
and are clear communicators. As an alternative view, a *BBC* article suggested that those who feed off the energy of others might not be as successful at home.

Before deciding what option is best for your team and your culture, let us provide some food for thought in terms of how your firm may need to evolve. In the following sections, we will explore three areas of your business that you should be prepared to evaluate if you decide to go with a hybrid approach—leadership, culture, and infrastructure.

LEADERSHIP

INTERVIEW:

Michael Kossman



Many leaders have relied heavily on their charisma to create loyalty in and connectivity with their team members. What happens if your team is no longer present to feel your energy and is now isolated from other colleagues for long periods of time? How will managers adapt if they can no longer “see” employees working? In the *Forbes* article we mentioned above, they suggested “we focus on work instead of the office. As our teams adopt new ways of working via virtual workplaces, asynchronous communication, and results-based tracking, we’ll be able to focus much less on where we’re working, and instead celebrate the immense contributions that we’re making to our companies and industries.” To explore this topic further, we reached out to Michael Kossman, COO of Aspiriant, a \$12B firm with 200 employees and 11 offices.

How are your managers adapting to this new work environment?

Our managers are adapting really well to leading teams that are all working from home. It took some getting used to for sure. Our human resources group was quick to provide guidance to help our people learn how to interact in new ways and effectively get the work done, and we plan on further sustaining that with ongoing learning and

development programs. Because we are a large firm that is geographically dispersed, most of us were pretty accustomed to leading teams that aren’t all in the same office. Perhaps the most surprising thing is how quickly we all realized that this can work well with heavy use of video-based chat and meetings.

Do you have any tips to help keep team members accountable while working remotely?

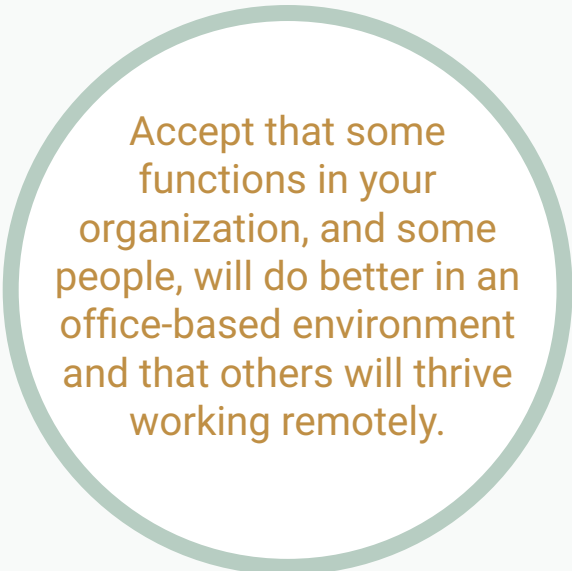
This is probably one of the most difficult things for managers—holding people accountable while working remotely. It was a challenge even when we were in the office! I often say that “work used to be a place we went, and now work is something we do.” That has become even more true in the post-COVID environment. What that means is we have to focus on “output-based management” and move away from “presence-based management.” That can be hard. The best place to start is to have a conversation with your teams about it. Don’t assume they will just get it. Be up front. Tell them, “We will be actively checking in with each other much more often—perhaps daily—and it shouldn’t be interpreted as mistrust. We simply don’t have the opportunity for hallway check-ins, so we have to be more intentional about it.” Asking very direct questions, like “How did you spend your day yesterday?” will need to be part of the norm. As professionals progress in their careers, that will be less and

less necessary and leaders will have to be satisfied with work being done to high quality and within deadlines. Isn't that what we all really want anyway?

Another great technique for holding people accountable is written follow-up. After you have a substantive check-in, send an email saying, "Here's what we talked about being your priorities, and what we mutually committed to. If this is not achievable, please let me know." And then you can circle back on that for accountability.

This perhaps goes without saying but set times for your 1:1s and stick to them. Again, since you can't replace that with a brief conversation in the kitchen, you have to develop other predictable ways to hold each other accountable.

We have had a written telecommuting policy for some time—long before COVID—and that contained some ways we hold each other accountable. One of those is good calendar sharing and notes. Mark the times you are working on things, when you plan to take lunch, private appointments if you need them, and even schedule your breaks. That is a great way to communicate so you don't trip over your manager looking for you, getting no response, and then wondering where you are—which will lead to suspicion that you may not be working when you say you are.



Accept that some functions in your organization, and some people, will do better in an office-based environment and that others will thrive working remotely.

How often are your leaders/managers meeting with employees? Will this change going forward?

This varies widely depending on the role—from entry level to senior advisor, and in other shared services groups like investment operations, investment strategy and research, finance, marketing, and administration. What we have observed is that managers are meeting much more frequently in 1:1s, and departments are meeting more frequently too. This is not just about getting the work done, but also about employee engagement and investing time to make sure people remain connected to the organization.

What leadership advice would you give to firms considering a hybrid model?

My first bit of advice is very practical: accept that some functions in your organization, and some people, will do better in an office-based environment and that others will thrive working remotely. Be flexible, but also be willing to say that it's not a one-size-fits-all policy. RIAs tend to be very egalitarian, team-based businesses with "we're all in this together" cultures, but as we evolve into widely different ways of working—especially if you consider each individual's home environment—we have to be willing to say that what is permissible for Jane may not be permissible for Joe. That will be a shift in our culture at Aspiriant, and one we just have to be okay with and embrace.

That culture shift must be conscious. Be clear about the culture you are trying to create. **Culture will create itself if you don't actively shape it, and you will end up with a culture you may not like and have to dismantle.** For example, we still believe in the importance of human connection—in person!—and we will be able to do that at some point in the future. We also believe in flexibility and the freedom to avoid long commutes (we've heard that a LOT). So we are engaging leadership in a conversation about what we want our future culture to be around remote work and employee engagement. If someone wants to remain working from home, will we say that's okay but only four days a week? Perhaps because we want to be together as human beings and break bread now and then, so to speak, and enjoy each other's company, we will ask people to come into the office at least once a week. Our virtual work modes, no matter how effective in serving clients and running the business, simply cannot replace the personal connections we all need and enjoy in this great business.

In addition to changing the way we lead, we may also need to change the way we train. Instead of just focusing on the job at hand, we might have to teach employees how to work effectively in their new normal. At Morton Capital, weekly education sessions have been instituted (every Thursday from 10–11 am), where team members rotate between investment deep dives, financial planning case studies, presentations from outside professionals, and soft skills training. Recent soft skills training included teaching principles from the books *The 15 Commitments of Conscious Leadership*, *Lifescale*, and *The ONE Thing*.

According to the [G2 Leadership Institute](#), if we focus on leadership and morale, **the results will be better financial performance, individual performance, client satisfaction and individual/team health**. We all recognize that change is hard, and as leaders we should proactively make it as seamless as possible by giving our team the resources they need to be successful.

CULTURE

INTERVIEW:

Brandon McKerney



The word “culture” has been ingrained into our industry as a primary area of focus for many leaders. We have spent the past few years increasing team-building activities, recognition programs and team-centric mentalities. Most of these activities happened in person, with virtual happy hours only emerging as a mainstream activity over the past two months. But it is more than just extracurricular events that make a positive culture, it’s also the feeling of “rowing in the same boat” together toward a common goal. The energy of the team ignites a fire to push the firm forward, which results in revenue growth, client growth, relationship growth, and personal growth. To provide more insight around culture in the new normal, we asked Brandon McKerney, Director of Operations of Columbia Pacific Wealth Management (\$4.4B AUM, 34 employees and 2 offices) and G2 Graduate, to share his thoughts.

What are your biggest concerns about company culture when considering a hybrid office environment approach?

We are lucky in the sense that before the COVID-19 crisis, we had systems and policies in place to support remote work. But as we prepare for the next phase, one of the biggest challenges I foresee is maintaining the sense of

common focus, collaboration, and broader team unity in an environment where some colleagues might be more physically visible to you than others. **We don’t want people to feel like proximity dictates how work can get done, the resources they can access, or how their value is perceived.** We also need to ensure that the systems we have in place are continually improving to ensure a seamless experience for both employees and clients.

Now, more than ever, we know how efficient and effective we can be when working remotely. So the challenge will be to combine what we’ve learned with the ways we used to work physically together to create a “new normal” that functions well for everyone, regardless of where your “office” is located on a given day.

Do you have any recommendations for firms who want to take a hybrid approach, but don’t want morale to suffer?

In any environment, morale depends on employees feeling valued and connected to one another. In a hybrid environment where those connections are happening in different ways, you have to be that much more intentional about demonstrating appreciation and fostering meaningful interactions. The “little” things can’t be seen as trivial or transactional—just as it is with clients, every meeting or

phone call with a colleague is an opportunity to connect and show that you care.

We've seen success in offering fun company "events" even while we are all working remotely, but these things don't run themselves. There needs to be a focus on offering compelling content and real connections that make people want to participate. If we all are not striving to make interactions more meaningful on a personal level, we risk potentially slipping into a more disconnected working environment.

What do you think are the risks to "going back" to the way things were (i.e., keeping an office-only policy)?

I think the biggest risk is losing some of the very valuable lessons we've learned in shifting to a remote work environment. It has forced us to be more creative, collaborative, and communicative—which are all things we don't want to lose for the sake of returning to what is "comfortable." **We also have to be sensitive to the fact that every person has different circumstances and a different level of comfort with returning to the office environment.** I think instead of focusing exclusively on returning to exactly the way things were, many firms have an opportunity to evolve into even better practices.

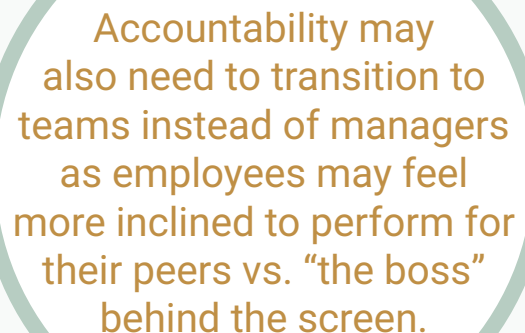
Harvard Business Review issued an article on the benefits of laughter for team connectivity (Laughter Will Keep Your Team Connected – Even While You're Apart) – do you have any tips on how to keep your team happy?

One of the things that really stood out to me from the article is the reminder of how important human connection is to our happiness. The energy we derive from simple and spontaneous interactions with one another is so important to the mental well-being of our teams.

In an environment where we can't all be together in the same room, we've been working hard to create opportunities for the group to take a breath, step away from day-to-day challenges, and connect with each other. We utilize collaboration tools that can be accessed from anywhere to lessen the stresses for our teams and encourage informal, friendly "water cooler" chats. These less structured activities like virtual happy hours, morning coffees, or team stretches over Zoom/Microsoft Teams have been very

effective in bolstering morale. But we've also seen how beneficial it is for these events to have a specific focus to help drive participation. Above all, as we think about culture, collaboration, and our team's happiness, **it is so important for everyone to remember during these times to just simply be human. Be authentic, empathetic, and honest with each other, and the team as a whole will continue to thrive.**

Another recent article in the *Harvard Business Review* summed up a few cultural red flags for firms to look out for in a virtual environment: "Years of research and study have taught us that these ingredients—unclear missions, inconsistent social norms, low common identity, unclear roles, and unstable membership—are the recipe for team disasters. They result in inefficient, often unproductive, teams full of disconnected, sometimes disgruntled, members." Regular communication about the vision, core values, and mission will need to be a priority for leaders. Accountability may also need to transition to teams instead of managers as employees may feel more inclined to perform for their peers vs. "the boss" behind the screen.



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INFRASTRUCTURE

Key areas to evaluate in a hybrid approach are team structures, working hours, budgets, supplies, and technology needs.

Team Structure: If you have not adopted a centralized service model within your firm, now may be the time—if only to provide more oversight and efficiencies when team members are not physically located together. As an example, consider trading. From an hourly cost-per-activity perspective, how much does it cost for a senior advisor to spend time entering trades in client accounts vs. a trader dedicated to the task? When comparing the best use of an advisor's time (growing the business and serving clients) vs. a trader's time (managing portfolios), the math should make you pause and consider restructuring.

Working Hours: Historically, it was standard for advisory personnel to have flexible schedules and operations team members to be at their desk at a specific time. Have you evaluated whether this is still necessary? Consider allowing operations team members to work in shifts (whether in the office or remotely) to allow for more personal flexibility.

Budget/Supplies: There may be P&L benefits to consider when it comes to virtual teams. Team members have reported drastically reduced printing from home, as they have easily adapted to online tools, which should result in reduced need for office supplies if they continue favoring

digital tools. In addition, advisors might not need the expense budgets they once required. With the world forced into a virtual norm, flights to visit prospects/clients may become a cost of the past (or at least drastically reduced). This is a great time to re-evaluate what costs are truly necessary to scale your company.

Technology: There are countless ways firms have adapted in the past few months. Here are a few topics to consider:

- Do you have clear communication policies when it comes to technology usage? That is, when is an email vs. chat vs. CRM vs. workflow appropriate?
- Are there times when technology interrupts your ability to be productive? For example, are employees allowed to keep Outlook open during virtual meetings?
- Is your data secure and do you have processes in place to combat cybercrime?
- Have you taken the time to look back at the past two months and evaluate what worked and what didn't?

For those that follow the *Traction* model, this is the time to re-evaluate if you have the right seats, the right people, and the right people in the right seats.



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CONCLUDING THOUGHTS

There is no one-size-fits-all solution when it comes to designing the workplace of the future and we will continue to learn and evolve over time. Some of the ideas shared in this paper will stick and still more will emerge that we haven't even thought of yet. It is going to shake up our industry and force firms to defer 2020 goals to 2021 in the name of setting themselves up for success going forward.

There are typically only a few times in our careers where due to external events we are forced to fundamentally change the way we run our business. Remember that there will be

an adjustment period and it is important that we approach our employees with empathy, without lowering the bar for client service. **Firms that innovate, think creatively, communicate clear expectations to their people, establish a culture of team accountability, and have output-based goals will emerge as leaders.** As management guru and former CEO of Intel, Andy Grove, stated, "Bad companies are destroyed by crisis. Good companies survive them. Great companies are improved by them."

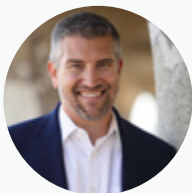
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Stacey McKinnon joined Morton Capital in 2014. She oversees internal and external operations, including the client experience, service offering, marketing and business operations. Stacey graduated from the University of California, Santa Barbara, in September 2007, with Bachelor of Arts degrees in business economics and religious studies. Stacey is a CERTIFIED FINANCIAL PLANNER™ professional and holds a Series 65 license.



Matt Sonnen, PFI Advisors, CEO

Matt Sonnen founded PFI Advisors on the belief that RIA owners are fantastic financial advisors, but often struggle with the nuances of being business owners. He launched the firm in 2015 with his wife and business partner (and former financial advisor) to help RIAs tackle the various operational and strategic issues that arise as they continue to grow and need scale. PFI Advisors conducts Technology Assessments, manages Technology Conversions, and provides M&A Preparation and Integration Services to RIAs. He has over 20 years of industry knowledge and experience to help RIAs reach their full potential.