

After reviewing the Schwab RIA Benchmarking Study, Westmount Asset Management reduced the number of clients each of its advisors serviced.



Likewise, Apriem Advisors looked at the structure of other firms of the same size to help determine how to organize a growing firm.

The firms gave those examples of how comparing themselves to their peers helped them improve their businesses.

Schwab conducts its benchmarking study each year to gather data on the financial industry. For the 2019 survey, released in July, 1,300 RIAs representing more than \$1 trillion in assets participated. The bottom line results revealed that RIAs are doing very well in the current market environment.

“Overall, growth in the industry remains strong, revenues continue to climb, and RIAs are hiring more talent,” said Lisa Salvi, vice president of Schwab Advisor Services. The study shows “the independent advisory space as a whole is doing incredibly well. The model continues to resonate with high-net-worth investors and serves as a barometer for the health of the financial industry.”

The participating firms receive an overview of the industry, and also a detailed look at how each compares to peers in specific regions of the country.

“We have about \$3 billion in assets under management, so we look at the \$3 billion to \$5 billion firms,” said Michael Amash, partner at Westmount Asset Management, an RIA based in Los Angeles. “The members of the management committee look at the results individually; then we get together and compare notes. We look at where we are doing well and where we are not doing as well.”

Westmount, which has participated in the study for several years, has always had one of the highest profit margins of their class, said Amash. After some review the committee realized that the profit margin may have been due to advisors having too many clients.

“As we looked more closely, we saw that we had more clients per advisor than other firms – maybe too many,” Amash said. The firm hired more advisors and brought the number of clients per advisor down so the clients could be better served, he said. The firm now has 33 employees, 15 of whom are advisors.

The firm’s marketing efforts were the next thing the committee looked at.

“We didn’t have a marketing department, so we decided to hire a marketing director. Now we want to see how other firms allocate their marketing resources,” he explained.

Apriem Advisors, an RIA based in Irvine, Calif., with \$725 million in AUM, wanted to use the information to learn what structure firms adopt as they grow.

Rhonda Ducote, president and CEO of Apriem, said she was most interested in operational structure and compensation paid by similarly sized firms in her area. The firm has 15 employees serving 500 individuals and families.

“I like to see what is changing in the industry,” Ducote said. “We also want to know what clients expect. We’ve built the firm over the last 21 years and we now have four departments: operations, financial planning, wealth management and an investment team.”

Ducote said she uses the benchmarking study to see how the industry has evolved over the years, how Apriem fits in the industry, and how new employees fit into the Apriem structure.

“We also look at the services other firms provide, such as the number of firms that provide tax services” so we can stay competitive, she explained.