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Small Firms with a Big Presence



David J. Drucker | 10-20-05 |

We're constantly being told--as an industry some say is 85% composed of sole practitioners-- that we must get bigger or suffer a decline in income from growing competition. Although that premise may be flawed, many sole practitioners do think about how they'll remain competitive.

The problem is most operate the way they do because they like it. We want it all: a good income, job security, and the autonomy that comes from not having to answer to anyone else, as in partners or, even, employees. So what if we could retain our sole practitioner status within the context of a much larger firm?

It's not a new concept, but it's one we seldom see carried out on the scale of the Atlanta-based [Integrated Financial Group](#), which is managed by Donald Patrick. "It's turned out even better than what we originally envisioned," says Patrick of what he calls, simply, the Consortium. "As advisors find out about it, they want to be a part of it."

The Consortium consists of 50 advisors (credentials include CFPs, CPAs, MBAs, and MFS[®]; and advisors average 15 years in the business), 31 of whom are based in one Atlanta office and the rest are scattered around North and South Carolina, Tennessee, Alabama, Florida, and Louisiana. The Atlanta office, in addition to its advisors, has a staff of 30. All together, the Consortium serves 3,100 clients.

New clients tend to find the Consortium a powerful marketing concept, and member advisors push both the collective strength of the entity while, at the same time, flaunting their own individual brands.

The collective strength, says Patrick, "really becomes apparent in the form of the Consortium's 'brain trust' wherein its members share ideas and knowledge." This isn't just a matter of Consortium members sticking their heads in each others' door and asking the occasional question; it's a formalized process. "Every six weeks, we conduct a two-hour study group," explains Patrick.

"Topics vary depending on interest," he continues. "Recent topics have included distribution planning, which we're big on, and safe portfolio withdrawal rates. Typically, we have two or three advisors do 15-minute presentations and then we open it up for Q&A." As in most advisor study groups, the conversation drifts to how do you do this or that, with wide open discussions along the way.

How do the offices outside Atlanta get included in the brain trust? The Consortium uses webcasts

to include satellite offices in its study group meetings, and all the advisors convene periodically for offsite retreats. "We also maintain an internal Web site as a repository for articles or other information of interest, and we send out group e-mails if there's something of immediate benefit that an advisor wants to share." Patrick monitors that latter process; all information transfers go through him.

How did he find himself in that position, or in founding Integrated Financial Group, for that matter? After working in wholesaling, consulting, and investment research for a number of years, Patrick joined Atlanta's Porraro and Associates where, for 12 years, he was director of financial planning. From there, he and several associates set up Integrated Financial Group, which is now two years old.

"I love running the Consortium," says Patrick, although he still has a practice providing fee-based service to 70 clients with approximately \$70 million under management. Within the Consortium, and based on his extensive experience, Patrick enjoys playing the role of business coach.

So a Consortium member gets the brain trust and Patrick's counsel. What else? Economies of scale, of course. The members share Class A office space, full-time office managers, office equipment, and group benefits. "We've got everything a Fortune 500 company would offer," says Patrick, "for about \$1,200 a month. Everybody gets billed for rent, photocopies, phones, and so forth. I formed a separate company--Integrated Support Services--to take care of human resource affairs for the Consortium." Some of the advisors incur extra for additional staff they wish to employ.

In addition to their internal Web site, there are other technology enhancements the Consortium employs and shares. The Consortium provides tech support for its members' individual tech needs and common services such as a paperless office system (under construction) and database systems.

"As to planning tools, we're probably all a little different because some members do comprehensive plans while others do piecemeal plans and use different software for each," says Patrick. "The differences and uniqueness in the way each of us does planning is one of those things we share [in study group meetings]."

With common systems and coordinated advisors, it would seem natural to leverage the Consortium for succession planning purposes. Although there is nothing formal in place, Patrick agrees it could work. "The Consortium is only two years old, plus our broker-dealer, Securities America, has its own succession planning systems in place," says Patrick, offering an answer to why the Consortium hasn't moved further with the idea. Securities America works with an independent, third-party firm to create a marketplace for the buying and selling of its reps' practices.

Right about now, some readers will be thinking the Consortium looks very attractive. Can others be a part of it? "Yes," answers Patrick. "There's a screening process and interviews an advisor must go through. They've got to be with Securities America and they've got to fit the culture of what we're doing. We don't accept everyone." Patrick says they've even removed advisors from

the Consortium, at times, for breaching their code of ethics.

Maybe it was that code of ethics that moved Patrick, a pilot in his off-time, to come to the aid of Hurricane Katrina victims recently. During the worst of it, Patrick flew supplies into Alabama and Louisiana, logging 21 flying hours on a series of runs. (He used to fly commercial jets for Eastern Airline, too). Integrated Financial Group, or the Consortium, also reached out to other advisors during Hurricane Katrina, offering office space for those who had been displaced.

Clearly, the Consortium isn't just a good business model; it's a good group of people.

David J. Drucker, MBA, CFP, a financial advisor since 1981, now writes, speaks, and consults with other advisors as president of Drucker Knowledge Systems. Learn more about his latest books--*Tools & Techniques of Practice Management* (National Underwriters, 2004) and *The One Thing... You Need to Do as Told by the Financial Advisory Industry's Top Coaches, Consultants and Industry Insiders* (The Financial Advisor Literary Guild, 2005)--at www.daviddrucker.com.

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