

## WHITEPAPER

# Maximize the Value of Your Partnerships

Are you getting the support you need and want through your wirehouse or broker-dealer relationships?



The business support provided by a wirehouse or affiliated independent broker-dealer can be an essential element of a Financial Professional's success, particularly when that support solves for operational pain points such as technology, marketing, continuing education and prospecting. For Financial Professionals, seeking out partnerships that offer the backing they need can mean the difference between a thriving practice and one that struggles for profits.

To better understand the Financial Professional and independent broker-dealer (IBD)/wirehouse relationship, Arizent Research/Financial Planning—in partnership with Avantax®—surveyed Financial Professionals working with these organizations. The results reveal the business challenges advisors face, the services their affiliated firms offer and how these services stack up against Financial Professionals' expectations. In this white paper, we'll highlight the findings to help you better understand the range of services being offered, what your peers needs and wants are and, most critically, provide food for thought as you evaluate you own business relationships.

### **Business challenges and support satisfaction**

When it comes to their practices, Financial Professionals face moderate to substantial challenges managing compliance requirements (53%), marketing and prospecting (50%), keeping up with changing technology (40%) and managing client communications (40%). The good news is that many IBDs and wirehouses offer some level of support in these areas (see box, Matching Service Support to Your Needs). Unfortunately that support doesn't always measure up to expectations (see Figure 1).

In fact, less than a third of Financial Professionals express a high level of satisfaction with IBD or wirehouse support in any single area of their business, including important focal points like technology and client prospecting. Financial Professionals express the lowest levels of satisfaction in support for referral services and personal coaching from industry experts. This is notable, since these capabilities can play important roles in advisory firms' growth, and the data shows that most partners are missing the mark.

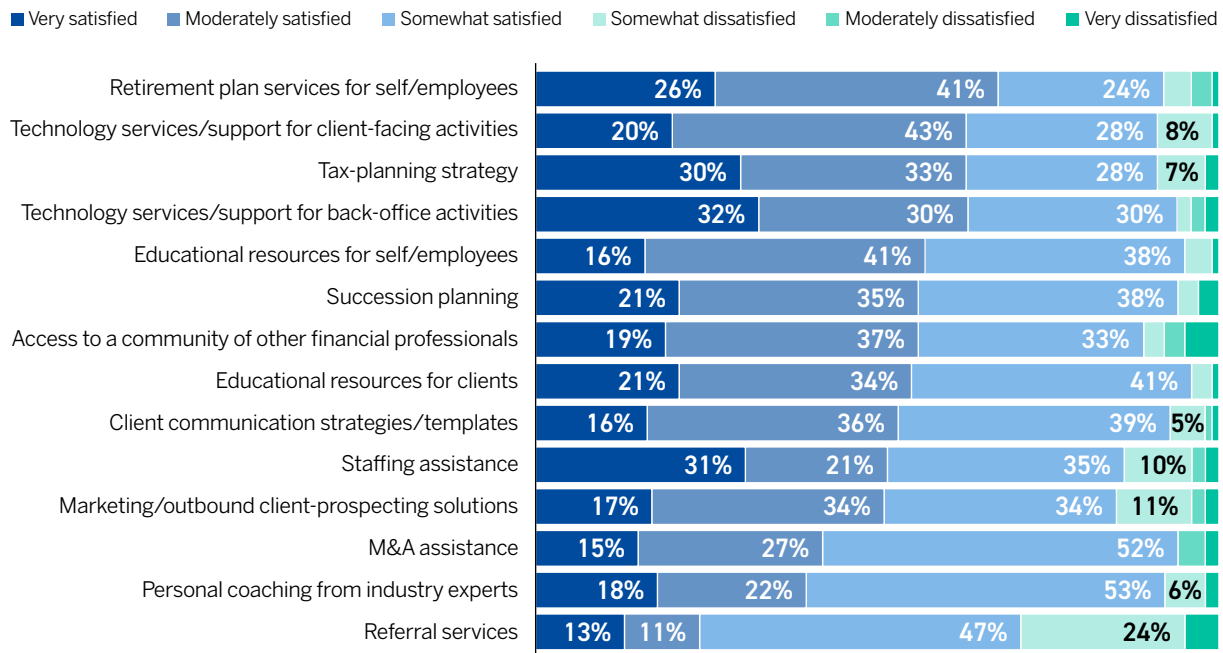
Other areas where there is a mismatch include succession planning, which 61% of respondents say is important and 20% say isn't provided by their current IBD or wirehouse, but they would like it to be. Then there's tax-planning strategy, which 58% of respondents describe as important whereas 38% say this is not provided but they would like it to be.

## Matching Service Support to Your Needs

To help you better understand your own priorities when working with an IBD or wirehouse, for each of these areas ask yourself if the services offered from your current partner are: below expectations, meet expectations or exceed expectations.

- [Technology services/support for back-office and client-facing activities](#)
- Educational resources for you/your firm and clients
- Client communication strategies/templates
- Retirement and succession planning services for you/your firm's employees
- Client prospecting solutions
- Tax-planning strategy
- Access to a community of other Financial Professionals
- Referral services
- Personal coaching

**Figure 1: Satisfaction with Current Support for Financial Professionals' Business Elements**



Source: Arizent/Financial Planning, 2022  
Labels for values less than 5% are not shown

As for offerings in the “soft skills” arena, many IBDs/wirehouses are leaving their Financial Professionals wanting more. A substantial number of Financial Professionals report they get less support than they need with networking with wealth management peers (34%), making connections with new clients (34%), mentorship opportunities (29%) communication training (28%) and resources to advance active listening and empathy skills (26%). Considering that 81% of respondents say that being a part of a community of Financial Professionals has driven some of their industry success, networking with peers may not be high enough on some IBD/wirehouse radars. As Todd Mackay, president of wealth management at Avantax notes, “A community of Financial Professionals, like the one here at Avantax, can collaborate and help each other during good times and bad, allowing them to better weather challenges such as inflation and market volatility.”

Moreover, when probed with an open-end question on overall satisfaction/dissatisfaction with their current advisory affiliations those who are dissatisfied cite hassle, compensation and service. As one respondent shares, “There are too many hoops to jump through” when it comes to their IBD/wirehouse partnership. Dan Kocher, vice president of operations and service at Avantax speaks to this issue, sharing that “An IBD/wirehouse should really be helping Financial Professionals to streamline processes through white-glove service, not adding to their already heavy workload.”

### **Needs and expectations vary**

The challenge—and ultimately opportunity—for Financial Professionals is that their individual needs and expectations for services from their IBD and wirehouse can vary quite a bit. Overall the services that Financial Professionals describe as very important to receive from these partners are technology services/support for client-facing activities (43%), technology services/support for back-office activities (41%), staffing assistance (25%), client communication strategies/templates (22%) and referral services (22%). However, what is most essential for one Financial Professional may be less essential for another, so Financial Professionals would be wise to do an audit of the services they want/need/expect from their partners to determine if a situation is working.

On the whole, many Financial Professionals are at least moderately satisfied with their wirehouse or IBD relationships, but 28% are somewhat to very dissatisfied, showing that there certainly is room for improvement with service offerings. And, given the right circumstances, many Financial Professionals are open to new partnerships. As one respondent notes, the reason that they would be likely to leave their current relationship is that “Another company may provide better support and/or resources to support a growing firm.”

In the end, the ability to address under-supported areas can make a substantial difference for growing firms as they seek to differentiate their offerings to their clients. Financial Professionals that take the time to assess their challenges and research the capabilities of potential partners with an eye toward matching those changing priorities could unlock long-term benefits that meaningfully affect their firms’ growth trajectories. At a minimum, Financial Professionals should understand the offerings from not only their IBD/wirehouse but those of other partners to make sure they are getting the most out of these business-critical relationships. “The Financial Professional and IBD/wirehouse partnership is one of the utmost importance to many Financial Professionals and should be regularly evaluated for functionality and fit,” says Tim Stewart, VP, business development wealth management at Avantax. “At Avantax, for example, our recruits don’t want to be anonymous cogs in their broker-dealer machine. They join us to be a part of our community of like-minded, growth-oriented peers who collaborate and help elevate each other as they grow.”

## Methodology

This research was conducted online by Arizent/Financial Planning in December 2022 among 110 Financial Professionals affiliated with (or who have a relationship with) an independent broker-dealer or a wirehouse. To qualify, Financial Professionals/RIAs had to have at least two years of financial services experience and manage at least \$50 million in assets.

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