



## PRIVATE WEALTH TRENDS & NEWS

# Guest Column: Anthony Riotta

**A**nthony Riotta, founder of Manhattan-based wealth management search and consulting firm Riotta-Jones Company, LLC ([www.riottojones.com](http://www.riottojones.com)), shares his thoughts on where the best opportunities are for advisors and other private wealth professionals in the industry today.

**“Should you find yourself in a chronically leaking boat, energy devoted to changing vessels is likely to be more productive than energy devoted to patching leaks.” -Warren Buffett**

What boats are available depends on your prior experience, your skills, and your client following.

Today, after thirty years in this business, I am seeing fewer voluntary employee departures and less replacement hires across all wealth management disciplines. I'm amazed by the number of quality technical specialists out of work and available. Fiduciary specialists, tax and wealth strategists, and even investment strategists have been orphaned in this employment market. It has proven to be an excellent opportunity to acquire high quality wealth management talent. A few start-up wealth management ventures have taken advantage of this excellent talent pool.

The greatest number of opportunities is available to those individuals with strong relationship management experience. We have seen an intense interest in hiring individuals with a book of business. The brokerage industry has institutionalized and perfected this approach. They have payout formulas, forgivable loans, and readily accepted procedures for the easy transition of books of business from one brokerage firm to the next. The intensity has increased as senior-level managers are moving with large numbers of brokers expected to follow. It is reminiscent of warlords changing allegiances from one powerbase to another.

This trend has expanded to other wealth management firms such as investment advisors, multi-family offices and even banks. There were few hires in November of 2008. In the last six months, we have seen a significant increase in the number of firms expanding through the use of opportunistic hiring. It seems to be a significant component of the business plans for many wealth management companies. This means that the growth aspirations of many companies are reliant on individuals who can bring along a revenue stream. Because of the institutional nature within some wealth management firms, I have my concerns about the viability of such a strategy outside of the brokerage business model. Nonetheless,

opportunistic expansions are a fact of life. In the course of the last six months, we have screened 31 teams and individuals with a “book” and represented only six to our clients. Those relationship managers who have the ability to bring in revenue and pay for their own costs are in demand. If these managers can make a case for bringing along business, they can get an interview at most wealth management firms.



**Anthony Riotta**

There are opportunities with established multifamily offices, large and small registered investment advisers, and even roll-up firms. An interest in opportunistic expansion can be found in each of these organizations. It may be guided by the location of an existing office, an expansion into an area where there are other clients, or establishing an office near the vacation home of the firm's principal. Since credit has dried up, roll-up firms have slowed down the process of acquiring registered investment advisers and have created RIA's for relationship managers who own a book and who can pay for themselves and expand their business.

Wealth management search firms like Riotta-Jones have become increasingly interested in selectively introducing talented relationship managers with a book of business to their client base. While many relationship managers are interested in being considered, few are viable. We have been able to effectively separate the best from the wannabes. While it's not easy to lift out a team, those we have successfully placed have become masters of their own destiny, participating in their own production and the profitability of a firm in which they might even have an ownership.

The most valued individuals to management are those that are closest to the client and client revenue. These individuals have the most options in their careers. So the bottom line is: stay close to your clients like your career depends on it.