



Janus Henderson
INVESTORS

Six Keys to Growth for Today's Adviser

Your Partner in Planning™

Executive Summary

In today's dynamic environment, how are advisers driving business growth? In partnership with **Janus Henderson Investors**, the **Financial Planning Association**[®] set out to understand what aids and inhibits an advisory firm's ability to grow. The research conducted in October 2022 gathered data on strategy, planning, execution, and intangibles, including circumstantial or psychological influences on growth.

The key findings all point to no five-star, foolproof recipe for growth. Still, there are interesting commonalities among firms growing at an accelerated pace in terms of their mindsets, skills, systems, and processes that fuel a robust growth engine.

The majority of advisers (71%) are motivated, though to varying degrees of success in achieving a comfortable growth rate. While 46% of advisers report that they are comfortable with their current growth rate, only 12% would strongly agree with this statement. Growth aspirations are much higher than what advisers can achieve.

The majority of advisers (71%) are motivated, though to varying degrees of success in achieving a comfortable growth rate. While 46% of advisers report that they are comfortable with their current growth rate, only 12% would strongly agree with this statement.

Key Findings:

1. The anatomy of a business plan matters.
2. Advisers know what they need to do to drive growth but don't always act on that knowledge.
3. Firms with teams grow faster than those without.
4. Systems and processes form a strong foundation for growth.
5. It's not enough to define your ideal client; you need to actively engage them.
6. Mindset can be a powerful influence on growth prospects.

This paper examines what sets the fastest-growing advisers apart from the rest for each of the key findings and provides you with questions to consider as you identify the action steps needed to revitalize your growth efforts. For this research, the fastest-growing advisers are those who onboarded ten or more new clients within the previous 12-month period from survey fielding.

Let's first acknowledge that not all advisers are looking to grow at this time for personal and professional reasons. When asked how big is growing your business a priority for you, 29% indicated it was not a big priority.

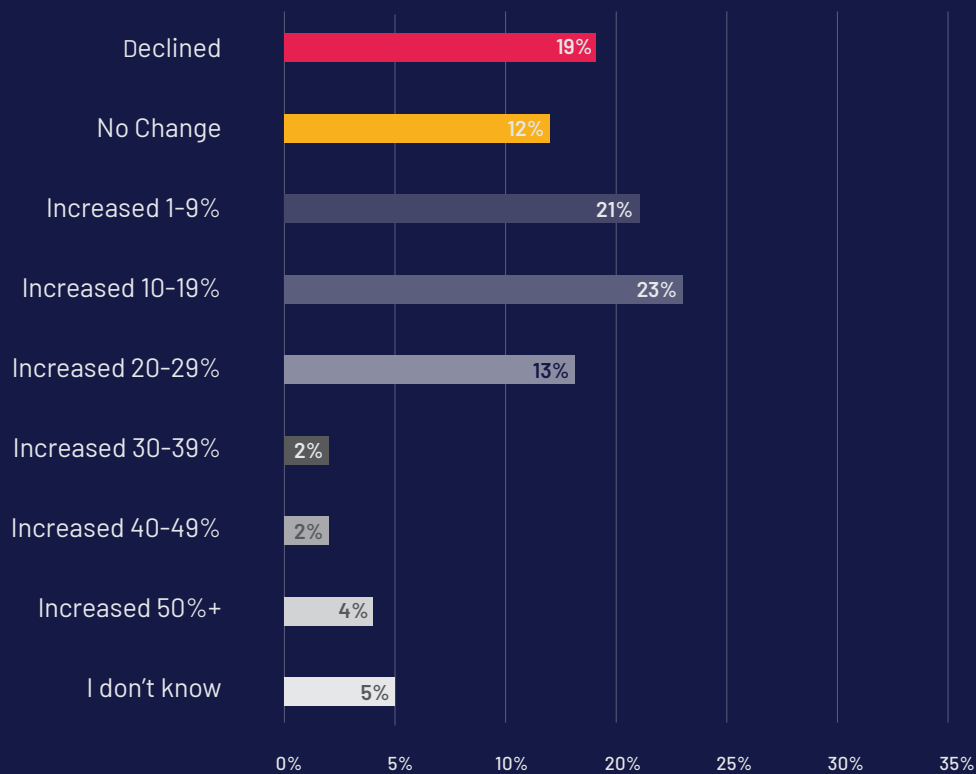
The majority of advisers (71%) are motivated, though to varying degrees of success in achieving a comfortable growth rate. While 46% of advisers report that they are comfortable with their current growth rate, only 12% would strongly agree with this statement. Growth aspirations are much higher than what advisers can achieve.



The State of the State

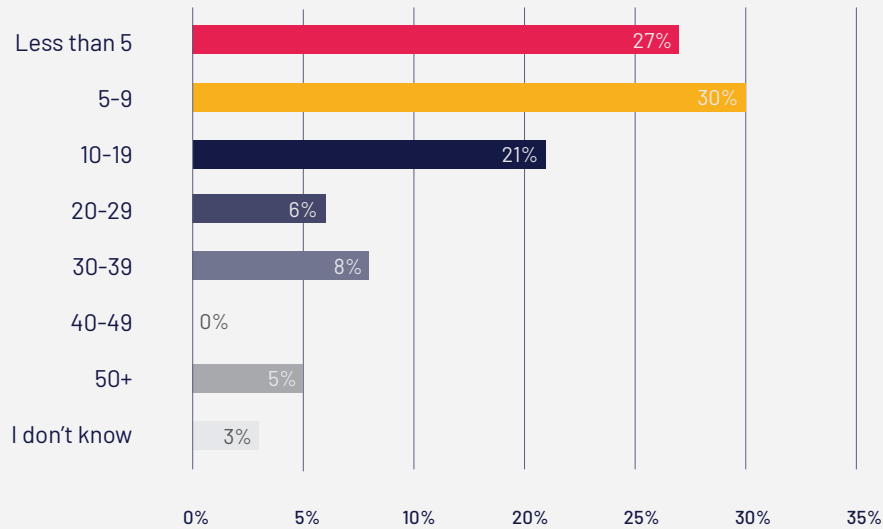
From October 2021 through September 2022, advisers reported mixed results on key performance indicators, including assets under management (AUM), client, and revenue growth. In terms of AUM, 19% experienced a decline in AUM, and 12% had no change in AUM. On the flip side, 65% of advisers experienced some growth, with 21% claiming an increase of 20% or more in AUM.

What was your percentage growth in assets under management in the last 12 months?



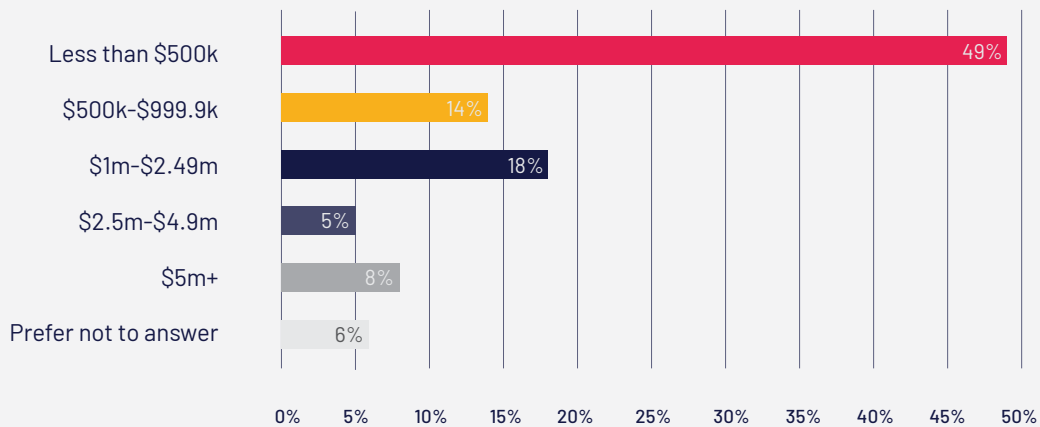
New client growth tended to be on the lower end of the spectrum for a majority of advisers, with 57% bringing on less than ten new clients from October 2021 through September 2022. A large majority of survey participants (71%) reported an average client size of less than \$1 million in investable assets.

Please indicate the number of new clients onboarded in the last 12 months (October 2021–September 2022):



Over the same period, 49% of advisers reported generating gross revenue less than \$500k, with the remainder spanning from \$500k to \$5M+.

What was your gross revenue in the last 12 months?





Impact of COVID on Business Development Approach

It's almost even split in terms of advisers who made changes (50%) and those that did not (43%) to the strategies and tactics they use to attract new clients as a result of COVID with only 7% reporting that COVID caused them to change their approach completely.

Of those who made changes, 72% say they are permanent, which suggests that some are still waiting for a return to “normalcy.” Smaller firms are much more likely to have made some changes than mid to large-sized firms. The key findings that follow are presented with the lens of moving away from the disruption caused by COVID and toward an environment primed for growth.

1

The Anatomy of Your Business Growth Plan Matters

Nearly all the fastest growing firms (84%) in the study agree that they have a clear plan to drive growth vs. 59% of other firms. While having a plan is certainly important, the research sought to understand what specific goals are included and their influence on growth.

The components of a business growth plan influence a firm's ability to grow. The top three goals featured in a typical business plan include the number of new clients (81%), new revenue (78%), and new assets (71%). While it is certainly important to have goals related to financial metrics, these are lagging indicators of business growth. They are the results of your efforts to drive growth.

Advisers are biased toward emphasizing lagging indicators in their business plans versus goals that more directly influence success. For example, if you want to increase your new client growth, it is also helpful to include goals around increasing the number of qualified prospects in your sales funnel and your prospect-to-new-client conversion rate. Fewer advisers include these specific goals in their plans, opting for new client growth only.

Advisers are biased toward emphasizing lagging indicators in their business plans versus goals that more directly influence success.

Top Three Goals to Increase New Client Growth

Business Goal	% of Advisers that Include Goal in Business Plan
Number of new clients	81%
Number of prospects in sales funnel	48%
Prospect-to-new-client conversation rate	37%

Advisers onboarding ten or more new clients over the previous 12 months were more likely to track leading indicators, including client satisfaction, client attrition, staff growth, and retention.

As important as it is to have a plan with defined business goals, consistently monitoring your progress on each goal is necessary to catch up to your desired results. Tracking your progress allows you to identify early warning signs that you may need to modify your strategy and the specific actions you are taking to move the needle on any particular goal.

Top Five Business Goals and Tracking Progress

Business Goal	% of Advisers that Include Goal in Business Plan	% of Advisers Tracking Goal Progress
Number of new clients	81%	81%
New revenue	78%	76%
New assets	70%	68%
Number of prospects in sales funnel	48%	40%
Client satisfaction	44%	22%
Prospect-to-new-client conversation rate	37%	26%

Younger advisers (<54) tend to have more tracking in place for business goals, place a stronger emphasis on growth, and look at both leading and lagging indicators when it comes to monitoring progress toward business goals.

Questions to Consider:

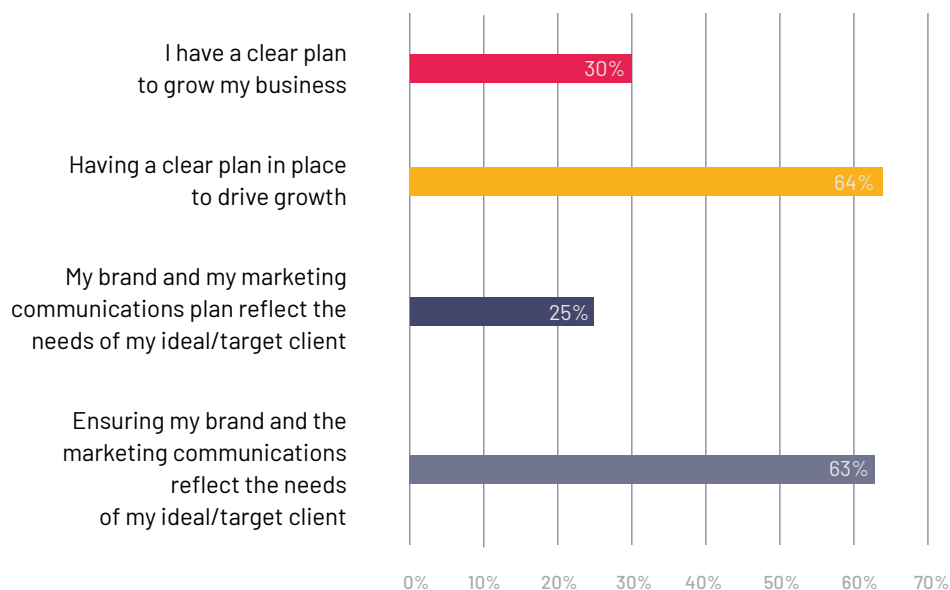
- Do you have a clear plan for how you will grow your business?
- If yes, does your plan include a combination of goals designed to measure results-oriented metrics (e.g., new client growth, net new assets, revenue growth) and goals that will better position you for growth (e.g., client satisfaction, efficiency)?
- Are you frequently monitoring your progress towards your goals and adjusting course as needed?

2

Advisers Know What They Need To Do To Drive Growth, So Why Aren't They Doing More Of It?

Advisers indicate that there are several important contributors to growth, and almost all agree as to what those are. However, there is a distinct gap between the items advisers identified as critical to driving growth and those they have acted on.

Examples include:



There is a distinct gap between the items advisers identified as critical to driving growth and those they have acted on.

Adviser Perspectives: What Impedes Growth

If advisers know what to do, why aren't they meeting or exceeding their growth aspirations? It's a bit more complicated than that. When asked about circumstantial issues that may impede growth, advisers point to competing interests, lack of time and clarity, and capacity constraints. For solo practitioners and smaller teams, 48% also cite having only one individual focused on business growth as a factor in addition to the others. A small minority of advisers attribute circumstances directly outside their spheres of control, such as market volatility and domestic or global uncertainties.

Sometimes circumstantial issues can be an impediment to growth. Which of the following do you believe get/have gotten in the way of growing your business?

Investing in cryptocurrencies	49%
I am the only one with responsibility for growing the business	48%
Competing goals split my focus	39%
Lack of time to focus on growth activities	38%
I and/or my staff are over capacity (e.g., work more than 40 hours a week)	35%
Lack of clear growth goals	28%
In-house talent does not have the expertise or experience needed to drive growth	21%
My firm does not have the systems and processes in place to handle more clients	19%
Lack of alignment among team members (e.g., not everyone is on the same page in terms of priorities)	17%
Market volatility	17%
I'm not generating enough revenue to invest in growth	15%
The cost of doing business is an impediment to achieving growth goals	15%
Domestic/global uncertainties	9%
Other	9%
None of the above	9%

In addition to circumstantial issues, advisers were asked to reflect on how they could be impeding their business growth somehow. An adviser’s mindset can be a powerful force to derive motivation and inspiration. It can also hold a business back from reaching its full potential.

The number one mindset impediment (43%) for survey respondents was, “I worry about appearing pushy or ‘salesy,’” followed by, “If I spend more time growing, it will take time away from my personal life/priorities” (30%). The first impediment concerns an adviser’s comfort level with asking for the business, which, if not developed over time, can be detrimental to business prospects. The second highlights a lifestyle choice. Each individual needs to determine what’s most important, what they are willing to sacrifice, and what success truly means for them personally.

Psychological impediments to growth:

Sometimes our own mindset can be an impediment to growth. Which of the following do you believe get in the way of growing your business? Please select all that apply.

I worry about appearing pushy or ‘salesy’	43%
If I spend more time growing it will take time away from my personal life/priorities	30%
Asking for new business makes me feel uncomfortable	21%
None of the above	20%
I am afraid to take the necessary risks to accelrate growth	19%
I don’t feel confident when it comes to growing the business	14%
I find it hard to hear no	13%
I’m not sure our offer is better than other advisers	13%
I’m very comfortable financially I’m not sure I need to grow	13%
I don’t think I have the right skills to grow the business	12%
Other	11%
I haven’t kept pace with new strategies and tactics	9%
I’m not sure I deserve to be more successful	8%
I just don’t feel passionate about the business any longer	4%

Not surprisingly, survey respondents under 54 years old are more likely to report their low comfort level with business development-related activities as obstacles to growth. They are more likely than their counterparts to rate themselves a 5 (this strongly reflects my personality) in terms of grit.

There's Will, But Is There Enough Skill?

Ninety-three percent of survey respondents describe themselves as highly motivated to grow. However, they acknowledge that there is work to do for them to be able to drive the kind of growth they aspire to achieve. We asked advisers to share what areas they felt they needed to improve personally and that of their team members for those with one.

The business development areas needing further development relate to generating referrals through existing clients or centers of influence. This is somewhat surprising, given that most advisers cite referrals as a primary source of growth. There is an awareness that they still need to maximize referral opportunities fully. Generating prospect leads (44%) and articulating the firm's value proposition (42%) were also high on the list.

Adviser areas of improvement:

Which of the following areas do you believe you personally need to improve? Please select all that apply.

Cultivating relationships with centers-of-influence	61%
Encouraging clients to make referrals	60%
Generating prospect leads through business development activities	44%
Articulating the firm's value proposition	42%
Consultative selling	31%
Following a pre-defined sales and onboarding process	30%
Following up on prospect leads	29%
Setting business development activity goals (e.g., number of contacts, meetings, etc.)	29%
Tracking progress to date on business development activity goals (e.g., number of contacts, meetings, etc.)	29%
Identifying opportunities to increase share of wallet with existing clients	15%
Other	3%
None of the above	3%

In contemplating the business development acumen of their team members overall, advisers highlighted a very similar list with one notable addition in the top 5, “*setting business development activity goals.*” There is an opportunity for firm leaders to proactively work with team members to set individual business goals and map out the blocking and tackling needed for specific activities that must be executed consistently to meet performance targets. Investing not only in their professional development but also that of team members responsible for directly contributing to firm growth goals should be carefully considered.

Now, think about those factors that contribute to prospecting efforts on your direct team (excluding yourself). Which of the following areas do you believe they need to improve?

Encouraging clients to make referrals	52%
Cultivating relationships with centers-of-influence	51%
Generating prospect leads through business development activities	43%
Articulating the firm’s value proposition	43%
Setting business development activity goals (e.g., number of contacts, meetings, etc.)	32%
Consultative selling (e.g., asking prospects thought-provoking questions to better understand needs and concerns)	30%
Tracking progress to-date on business development activity goals (e.g., number of contacts, meetings, etc.)	30%
Following up on prospect leads	27%
Following a pre-defined sales and onboarding process	27%
Identifying opportunities to increase share-of-wallet with existing clients	26%
None of the above	11%
Other	1%

Questions to Consider:

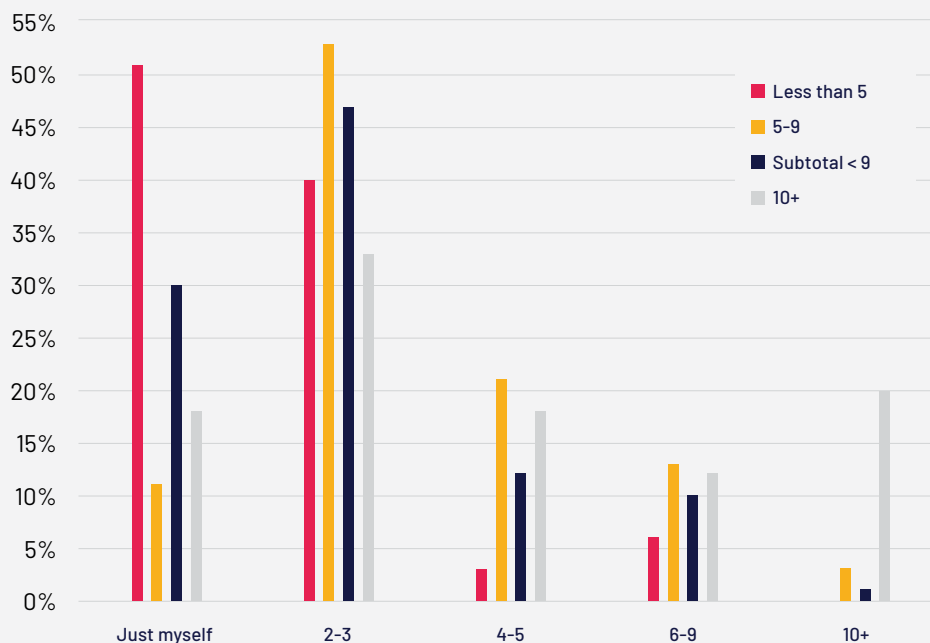
- Are there things getting in the way of your business reaching its full growth potential?
- What actions can you take to minimize or remove known obstacles to growth?
- How can you support your team in terms of development and coaching?

3

Firms with Teams Grow Faster Than Those Without

It may seem obvious that a team can drive bigger, faster growth over an individual adviser. However, deciding to hire is often greatly deliberated before taking the plunge. It isn't easy to know when to make that first hire and understand the opportunity cost of waiting too long. Of firms managing less than \$100M in AUM, 90% do not have a team. Regardless of why advisers hesitate to form a team, the research shows that teams can onboard more clients than individual advisers.

New Client Growth by Team Size



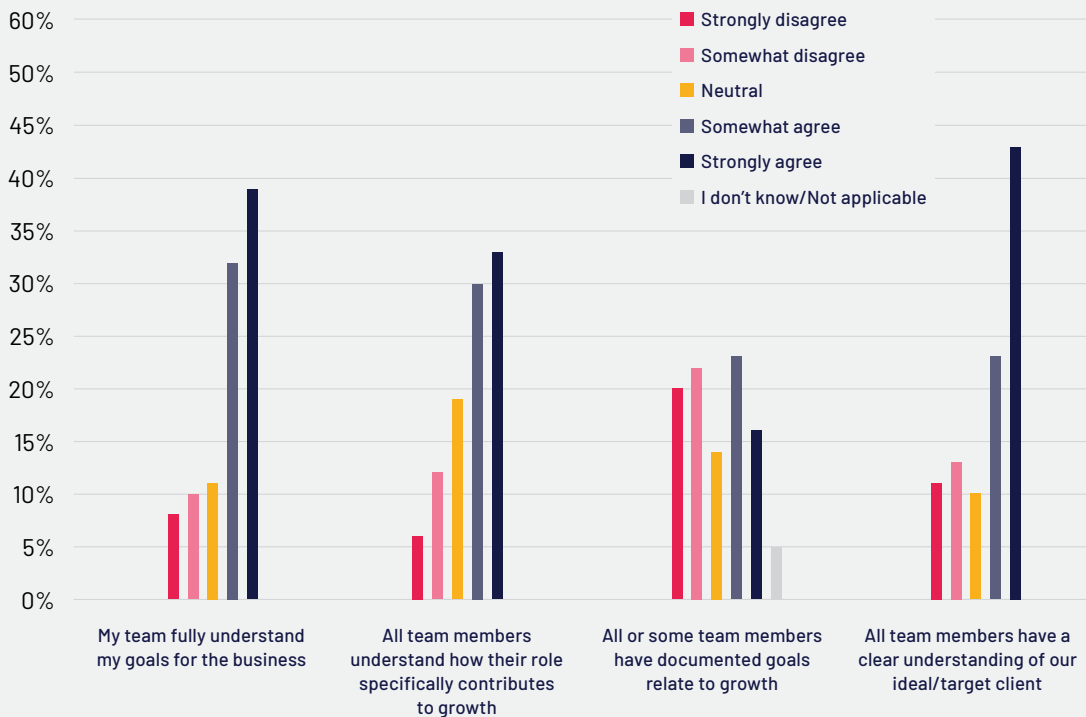
Solo practitioners are just as motivated as those with a team. However, they are significantly less likely to be comfortable with their current growth rate, with 71% ranging from neutral or uncomfortable. They can attract significantly fewer clients than their larger counterparts. Only 18% of firms that brought on ten or more clients in the previous 12 months were individual advisers.



Connecting the Team to Growth

Having a team, however, is only helpful if you can harness their strengths and maximize their contributions toward firm goals. Less than half of survey respondents strongly agreed with statements that can directly influence the team members' contributions toward achieving business goals. This implies an opportunity for advisers to think more about how they can inform team members of their role in business growth and how their everyday work impacts business growth. Like a business plan, it is important to document individual goals and how success will be measured in performance.

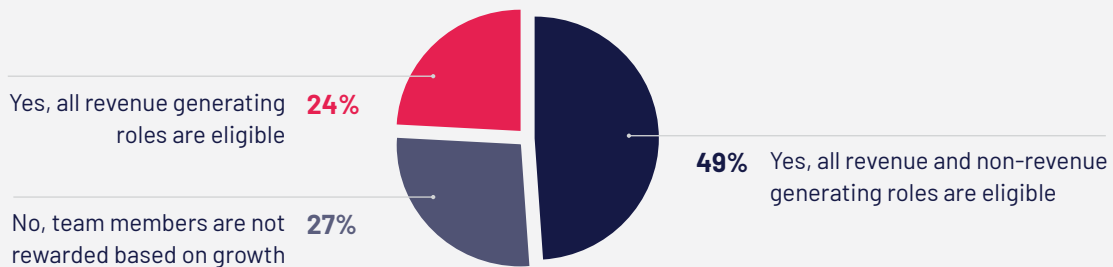
New Client Growth by Team Size





Lastly, advisers were asked if their team members were eligible for incentive compensation based on growth goals. Incentives can be highly motivating —not only for the monetary compensation associated—but also due to the recognition of efforts made. Forty-nine percent of respondents indicated that all team members were eligible for incentive compensation tied to growth, with 24% indicating only revenue-generating roles and 27% indicating team members were not compensated on growth.

Are your team members eligible for incentive compensation tied to growth?



Questions to Consider:

- If you are a solo practitioner, is it time to bring on your first hire?
- If you have a team, does each individual team member understand how they contribute to growth? Do they have documented, measurable goals?
- Is your team eligible for incentive compensation tied to growth? Are the incentives in place motivating the desired behaviors?

4

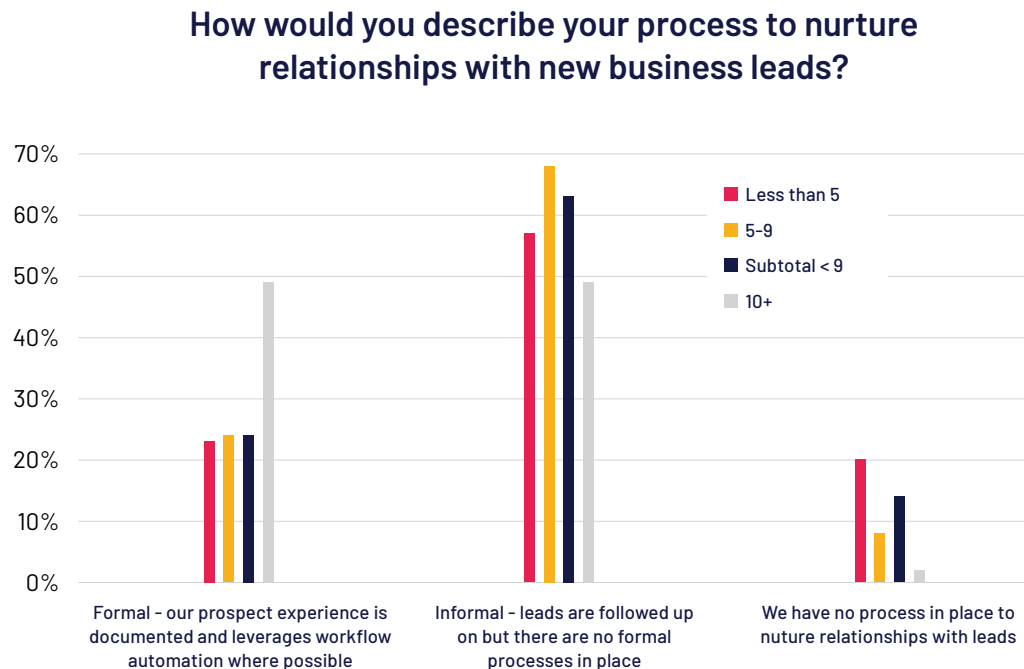
Systems and Processes Form a Strong Foundation for Growth

An overwhelming majority (89%) of advisers agree that having the right processes and systems is critical to business growth. However, only 59% agree that they have completed this work. These processes are necessary for advisers to attract and onboard new clients, keep staff from burnout, and achieve desired client satisfaction levels.



Process Provides Clarity and Triggers Action

Examining how advisers nurture prospect leads, it is clear that the firms bringing on the most new clients have some processes in place, either formal (49%) or informal (49%), to follow up on leads once identified. Firms growing at a significantly slower rate are much more likely to have no process (20%) or an informal process (57%) in place for actioning on prospect leads.



Having a process and the supporting systems in place to efficiently qualify and continue to nurture prospect leads is as foundational to your continued success as the ability to generate leads. It provides the mechanism to engage with prospective clients and leads them through an easy and seamless onboarding experience without over-taxing your resources.

Questions to Consider:

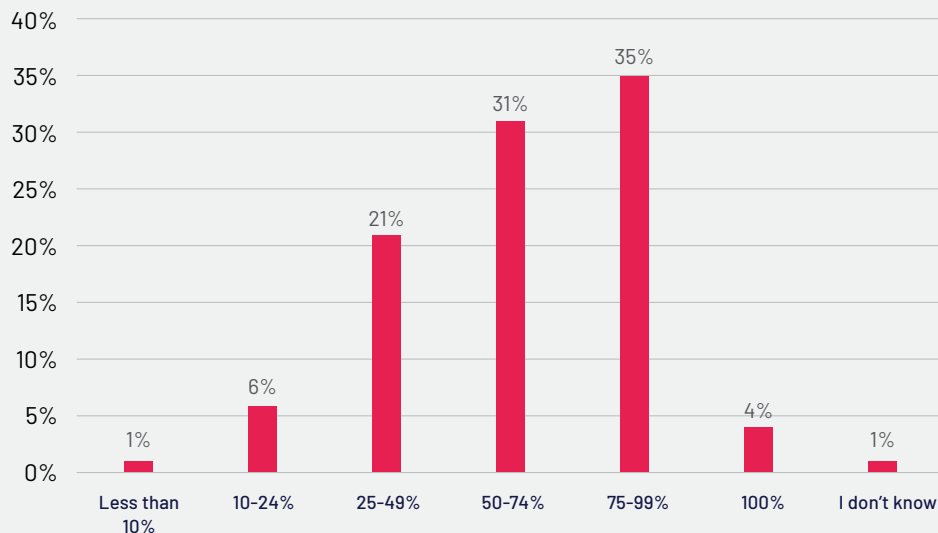
- Do you have a process in place to identify and nurture prospect leads? If not, what steps can you take today to improve this area of opportunity?
- If you have an informal process, what system can you leverage to formally document and automate your process?
- What systems can you use to make the process more efficient, increasing your ability to onboard more clients in a shorter timeframe?

5

Don't Just Define Your Ideal Client. Actively Engage Them.

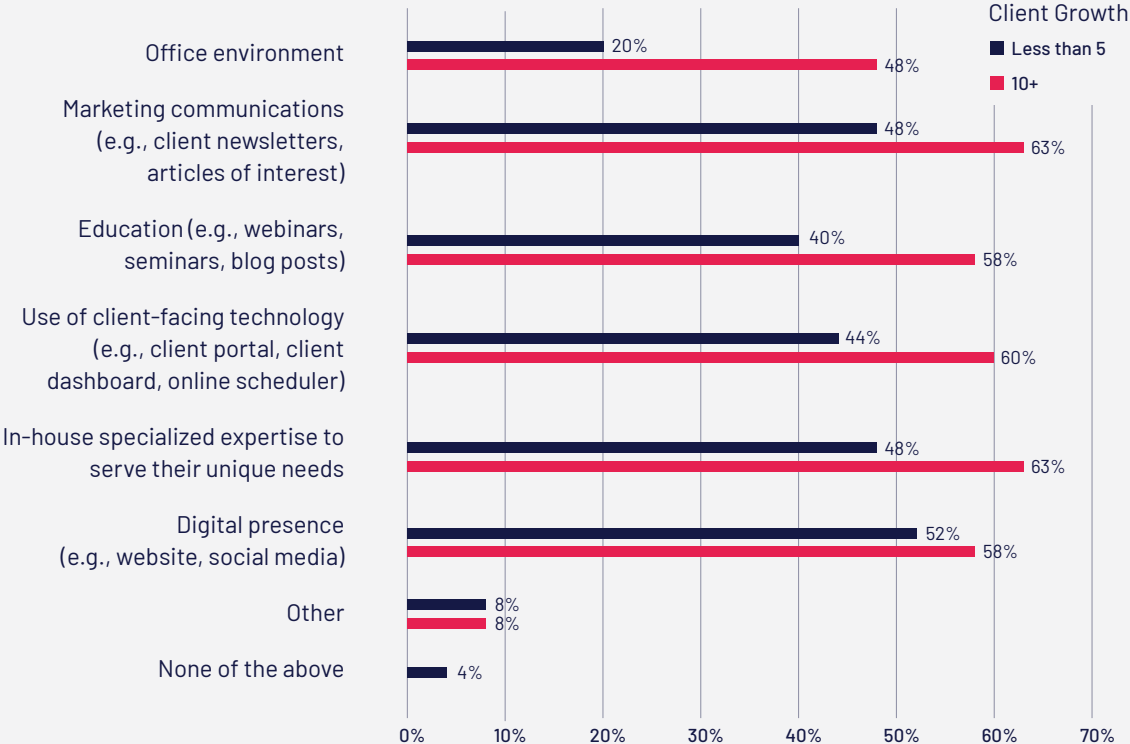
Advisers generally consider identifying your ideal client a best practice, with 81% somewhat or strongly agreeing with the statement, “I have clearly defined the clients with whom I want to work.”

What percentage of your clients reflect the characteristics of your ideal/target client



Encouragingly, more than two-thirds say that at least 50% of their clients reflect their ideal client profile. When you compare the slowest and fastest growing firms, however, you see that those firms that onboarded 10+ clients in the previous 12 months are more likely to have gone beyond identifying their ideal clients to intentionally designing an experience based on their specific needs, challenges, and preferences.

Which aspects of your client experience have you specifically tailored to reflect your ideal/target client?



Questions to Consider:

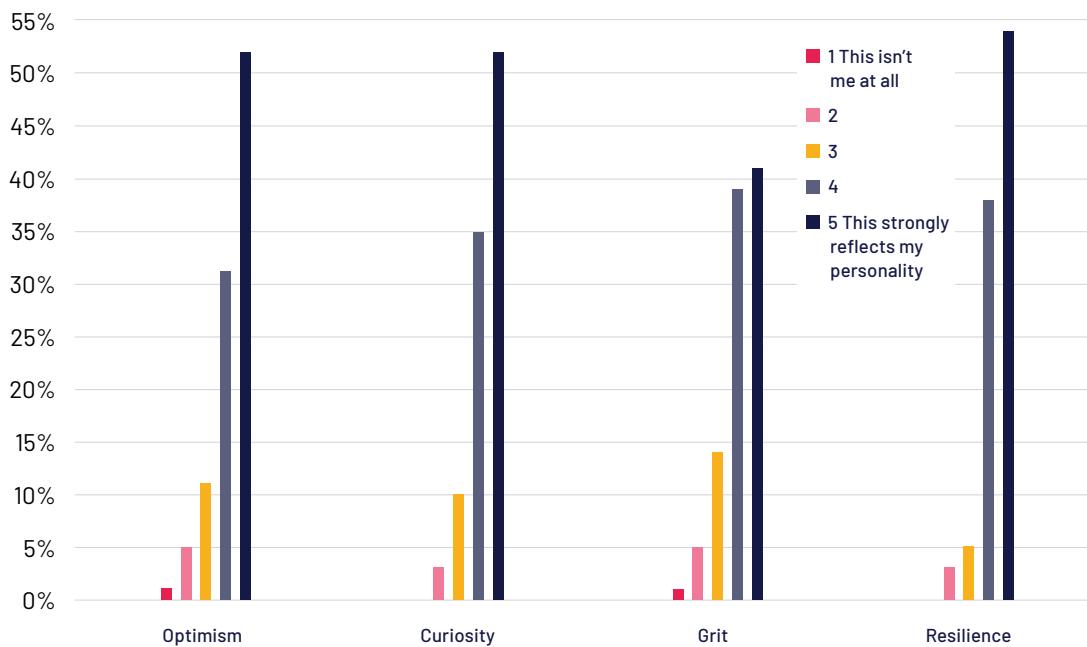
- Have you defined your ideal client? If not, consider doing so.
- Are you intentionally screening prospects for fit against your ideal client criteria?
- Are you “speaking” to your ideal client in your marketing efforts and client experience design?

6

Mindset Can Be a Powerful Influence on Growth Prospects

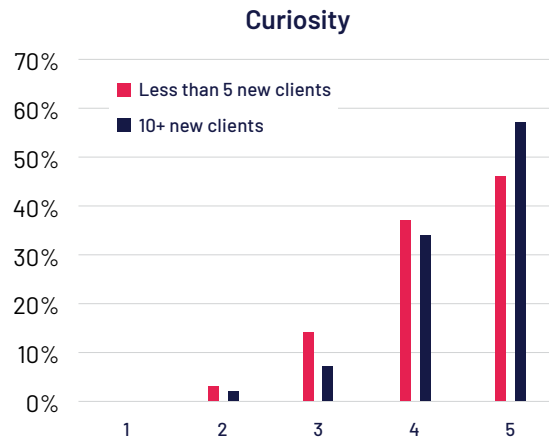
Earlier, we discussed circumstantial and psychological impediments to growth regarding opportunities for advisers to self-reflect and consider what skills they need to develop to better position themselves and their businesses for success. The research also sought to understand to what extent advisers would describe themselves as exhibiting certain attributes, including grit, optimism, curiosity, and resilience. Overall, advisers describe themselves as having many of these personality traits, with most ratings a combination of “somewhat exhibit” and “strongly exhibit”.

To what extent would you describe yourself as exhibiting the following characteristics?



In a side-by-side comparison of the fastest and slowest-growing firms, we learned that the fastest-growing firms are more likely to rate themselves higher on the scale than others. This tendency may contribute to achieving higher success rates than their peers. Combining these personality traits may result in a higher confidence level that influences their overall ability to drive growth.

To what extent would you describe yourself as exhibiting the following characteristics?



Questions to Consider:

- How would you rate yourself on a scale of 1 to 5 in terms of how strongly your personality reflects grit, optimism, curiosity, and resilience?
- How does your rating for each help or hinder your ability to grow your business?
- How can you further develop the personality traits you deem essential for business growth?

Conclusion

How are some advisers able to outpace their peers in terms of growth? While defining, planning, and strategizing are helpful, there is no clear indication that they are driving higher growth rates more than anything else. The difference between those growing faster and onboarding larger clients is in the execution, specifically related to the effectiveness of their people, systems, and processes in contributing to and aiding growth efforts. In addition, those advisers with higher levels of experience, confidence in their ability to grow, and determination to keep going in the face of adversity brought on more new clients than those who did not.

How you leverage the insights presented in this white paper will depend on your specific growth aspirations, ability to draw on resources related to people, processes, and systems, and innate abilities to confidently and persistently pursue growth. Take time to self-reflect on your business vision, what gets in the way, and what you can start doing today to drive impactful change.

Resources

Janus Henderson offers programs designed to give your business a distinct competitive advantage by helping you attract high-quality clients, cultivate client loyalty, and maximize your team's effectiveness.

Modern Prospecting

How to create the ultimate client experience



Modern Prospecting

Master the art of attracting the clients you want—not the clients who are accidental. [Website](#)

The Elements of Extraordinary Teamwork

Harnessing the power of a team to improve your practice



The Elements of Extraordinary Teamwork

Discover the six interrelated elements that impact team performance so you can capitalize by becoming extraordinary. Contact a Janus Henderson representative to learn more. [Website](#)

About the Research Partners

About the Financial Planning Association® (FPA®)

The Financial Planning Association® (FPA®) is the leading membership organization and trade association for CERTIFIED FINANCIAL PLANNER™ professionals and those engaged in the financial planning process. FPA is the CFP® professional's partner in planning by helping them realize their vision of professional fulfillment through practice support, learning, advocacy, and networking. Learn more about FPA at financialplanningassociation.org and on Twitter at twitter.com/fpassociation.

About Janus Henderson

Janus Henderson is a global asset manager with more than 340 investment professionals and expertise across all major asset classes. Our individual, intermediary and institutional clients span the globe and entrust us with more than US\$287.3bn of their assets*. Our commitment to active management offers clients the opportunity to outperform passive strategies over the course of market cycles. Through times of both market calm and growing uncertainty, our managers apply their experience weighing risk versus reward potential – seeking to ensure clients are on the right side of change.

*Source: Janus Henderson Investors. Staff and AUM data as at 31 December 2022. AUM data excludes Exchange-Traded Note ('ETN') assets.

FPA[®]

Janus Henderson
— INVESTORS —