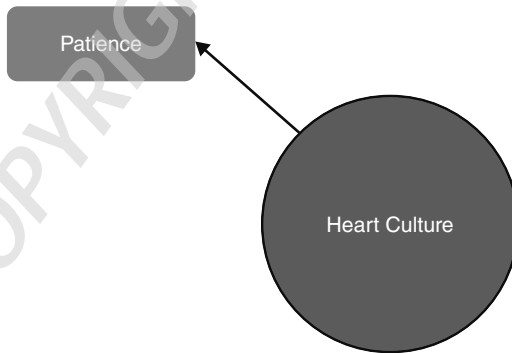


Chapter 1

Patience

Taking Your Time to Find the Right People



One of the questions I am asked most often in my position is how I manage two companies on two coasts. I always respond in the same way.

It's all about the people around me. I am surrounded by great, quality people who work hard and are as passionate about the work we do as I am. For me, that means working longer hours and racking up lots of frequent flier miles. But the payoff is worth the time and jet lag. Why? Because the culture that's been established in both companies moves both ships forward and that creates success and growth.

That culture, which is very similar in both companies, is based on caring, respect, empowerment, collaboration, and a powerful sense of team. There is also a clear, and common, sense of purpose and mission in both companies.

That sense of team serves as the foundation that drives us forward, weathering growing pains and a changing industry toward innovation and profitability.

What we have accomplished in our culture—and I say “we” because credit is due to all of the people I am fortunate enough to work with—is not only potent, it's game changing for companies that struggle to create a cohesive team in corporate environments today.

Employee loyalty and satisfaction are at the core of building *heart culture*, and it should come as no surprise that creating and cultivating this type of environment begins in the hiring process.

The first element of heart leadership is patience, and it is vital for leaders to exercise self-discipline during the recruitment, interview, and hiring process if they want to protect the integrity of the firm's culture.

Before we get started, though, I'd like to share some truths about my personal leadership style.

Since the beginning of my career I have known that I wanted diversity of thought and collaboration. I wanted

different voices. I wanted ideas. Also, I wanted to build a happy and healthy environment that people wanted to come to five days a week. What I did not want was to be a leader who was overcontrolling and commanding.

That desire to help others achieve happiness in their work and in their lives is a foundational part of how I lead and how I encourage others to lead. With new hires, setting expectations on day one (and even earlier in the interview process) helps determine whether a particular candidate is the right fit for my firm.

For example, when new employees come on board at one of my companies, I start with the same conversation that I have had for many years.

At Private Ocean, for example, I talk to them about our philosophy, our purpose, and our culture, and what we want to achieve as a whole. I talk about my personal mission—what drives me—and the company mission. I want to make sure we're on the same page when it comes to financial planning and wealth management and how to take care of clients. For us, financial planning should be objective and focused on helping people achieve their life goals—what's important to *them* in their lives. Financial planning and investments are just the tools we use. Making sure potential candidates share the same philosophies that guide basic priorities of the company is the first thing I like to nail down.

Then I give them my “I Have a Dream” speech, in which I acknowledge that if all of us had unlimited money and resources we would likely be on a tropical island someplace, sitting in a hammock on the beach and watching the world pass by, or engaged in philanthropy.

I tell them that I understand that the primary reason most of us work is because we have to. Everyone has bills to pay and, most likely, families to support. But aside from money, my dream is that when an employee wakes up and puts her feet on the ground, she's excited about going to a cool place to work, doing cool things with cool people, and working with cool clients.

Appealing to people's emotional connection with and pride in what they do is one of the keys to unlocking heart culture. Whether they're passionate about coaching their daughter's soccer games, traveling the world, or—in our industry—helping people achieve their financial goals, the result of inspiration is the same. People invest more of themselves in something they believe in and are passionate about. Get a group of these people in one place working toward the same goal, and a business can reach new heights.

PERSPECTIVE: SAVING WHALES

If you were faced with the job of stuffing a thousand envelopes and then hauling them to the post office to be stamped and mailed, you could view it as a repetitive, boring, and menial task. Some would argue that they're too skilled or too educated to do that type of thing. But what if you were stuffing envelopes for a cause you were passionate about? What if you were saving whales, or, in our industry, fostering better client relationships and offering higher-level service?

One person may say with a heavy sigh, “I’m too talented to do this,” while another would say with great enthusiasm, “I’m saving whales!” No matter the task at hand, it’s always about perspective. It’s a leader’s job to identify this perspective and passion in the hiring process, and foster an attitude that reminds employees that what they do is for the greater good of the firm and their clients. Their work has a higher purpose!

Now if that approach described in the previous Saving Whales sidebar seems a bit of a reach for leaders (and especially advisors) to grasp, consider this: The financial industry today is in a state of transition, with the average age of advisors rising (mid-50s and up) and the available pool of talented young financial planners struggling to keep up with demand. Part of a leader’s job is to adapt to this evolution and recognize that new hires have very different values from their parents. What I have found in both my companies is that heart leadership—and heart culture—really resonates with Next Gen employees.

Next Gen Employees: Changing Values, Changing Culture

In the past 10 years, culture has played a growing part (and often is the deciding factor) in younger candidates’ search for a firm that aligns with their goals and values.

What's changed from the past? Everything! Although you may have said to yourself that you'd never give the "In my day . . ." speech that you heard from your parents, you may catch yourself saying that you didn't have the Internet when you were growing up, or that texting was passing notes in science class. What's iOS? What's Wi-Fi? You tell your children, "In my day, you took the job you were given at the rate they were willing to pay, you put in 60 hours a week, you took one vacation a year, and you were grateful!"

All kidding aside, employees today have different priorities from previous generations, including a higher value placed on work/life balance, stress-relieving activities, and even a passion for social consciousness and community engagement. In some instances vacation and paid time off are worth as much or more than a higher salary, and flexible schedules that give employees more remote options are considered far more attractive than a corner office. Some truly forward-thinking firms throw in additional perks that were unheard of years ago—job sharing to learn new skills, flexible project assignments, gym facilities, paid time off for volunteer work, and educational reimbursement—to help sweeten the deal. Most of all, firms are less and less committed to confining employees to a set job description and instead give employees the ability to think outside of their defined roles.

Taking Your Time during the Hiring Process

As advisors, it's important to consider what we're up against when it comes to attracting new hires. Recruiting for the best new planners (and any other position in

a firm) these days is like lacing up the gloves for a title bout. The talent shortage has heightened the level of competitiveness across our industry, and it's crucial to find a way to separate your firm from the pack. That's why now the differentiator for many firms is their level of commitment to client service. In my firms, one of the major components of choosing the right employee is finding someone who shares our philosophy of taking great care of clients—both internal and external. The competition is fierce, and with so many advisors interested in succession planning, there's definitely an urgency in fighting for those candidates who look best on paper.

But that's a problem if you're looking to build heart culture. A candidate with a stellar résumé does not automatically translate to a stellar addition to your firm. Finding the right person takes time and patience, which cannot and should not be cut short for the sake of winning a race. In both of my companies we go through an extended hiring process that is key to creating the right team.

What are the benefits to investing time in a longer hiring process? If you have one formal conversation with someone for an hour, you'll likely get plenty of rehearsed answers—anyone can be up for “game time” for an interview or two. But if you have several conversations with different groups of employees in different settings, you'll get a much more complete picture of candidates. Do they communicate well with different teams? Do they share the same passion for what they'll be expected to do? Are they team players? What do they want to achieve in their personal and professional lives over the long term? Who *are* they?

Taking your time during the hiring process means that you'll be much more likely to choose someone who has an understanding of expectations, shares your business philosophy, feels his ideas will be heard, and is excited to be on board. Those qualities lead to lower turnover and the fostering of greater loyalty over time. The way we explain it to candidates: It is to *their* advantage to be learning more about us and the work.

Four Steps to Hiring the Right Candidate

The hiring process can be daunting, and firms may be tempted to choose an applicant based on impressive credentials rather than finding a cultural fit. These steps can help guide you in your search for the right candidate.

- 1. Hold lots of interviews with lots of people.** You're doing your company a disservice if you choose a new hire based only on numbers or Ivy League credentials. Many times I have found the most suitable candidate is someone who has less experience but more passion for the work. In a handful of cases, these people have been career changers who became game changers—people who changed completely from their previous professions to try something they've always wanted to do.

I recommend scheduling a series of interviews—one with a direct manager and then additional in-person meet-and-greets with the people this candidate would be working with day in and day out. It does not matter how qualified someone may seem on paper. Observing how she engages with different groups of people

can provide meaningful insight—you learn motivations, passions, and personality traits—and you can quickly tell if this person fits (or does not fit) in your environment.

At both my companies I interview everybody at some point. Exactly *where* in the process I get involved depends on the role, but in general I begin early in the hiring process and then return at the end, once the team has collectively decided on its preferred candidates. For example, for advisor candidates, I am always involved early in the interview process and play a part until the end when we make a hiring decision. These are roles that involve working heavily with clients and directly reflect upon the firm's culture and philosophy of wealth management. In other areas of the company, such as client services, I leave the initial screenings up to the people with the most expertise. Are the candidates a good fit with the team? Do they seem to share our philosophy? Would they be assets to the firm? How does one candidate excel over another? I leave these discussions up to the team and then meet with the candidates who meet the group's highest standards.

In the technology firm my involvement in the hiring process is primarily associated with leadership roles. I rely on these people to ensure the ongoing health of our success and our culture, so it's crucial to me to have the right people leading the team. For every other role in the firm, I leave the hiring decisions up to leadership and to those with relatively more experience with the role. These are mainly technical positions, and trusting those you hire to make decisions is part of taking your time in finding the right people to put in charge. In

these situations the right hire is more about finding someone who is a cultural fit for the firm.

In both firms there isn't a formal protocol for the interview process, but it's important to stay organized. We typically start with a phone screening by our human resources manager and then set up face-to-face meetings with team leads, different teams, and small groups to change up the dynamics. From there we may do an off-site lunch to see the candidate in a different environment, where he may let his guard down. These meetings are unrehearsed and the setting unfamiliar (unlike a normal conference room setting), which gives us great insight into the candidate and helps us to determine if there is a natural chemistry within the team.

Some have joked that interviewing for one of my firms is a bit like boot camp for candidates, but once we explain our process and that its purpose is for them to look at us also, everyone, especially the right people, appreciate the time we take to get to know them to ensure that this is truly a good fit for all parties.

- 2. Choose your questions wisely.** Are the candidates as focused on your priorities as you are, or do they just want to work an eight-to-five job and enjoy a short commute? How passionate are they about client service? What are they looking to get out of the position in question? What motivates them? What are they passionate about? You can teach skill, but you cannot teach heart. Ask the questions that you'd want someone to ask you if you were the candidate. Also, encourage the candidates to ask

questions about the firm. Their questions can be as revealing as their answers.

FIVE KEY INTERVIEW QUESTIONS

By the time I interview candidates they've likely met a handful or more of people regarding the position. I assume the typical questions have been covered, so I focus more on trying to see if the person is a cultural fit for the firm. Here are a few questions I pose to potential new hires:

- 1. What motivates you?** A developer I hired recently answered this question by saying that he “just loved working on cool technology,” and that he liked what we were working on. It got him excited to be innovative, and that's exactly what we wanted, not only for the role but also for the company. Wouldn't you want to work with someone who was excited to come to work every day?
- 2. What are you passionate about?** Hiring isn't just about credentials; there needs to be a connection to the firm's values. And on a human level, gauging people's motivation extends beyond the role and into everything they do. Finding out what people are passionate about and why is a great window into someone's personality.
- 3. What are you telling your family/spouse about our company?** This question often

(Continued)

(Continued)

takes candidates off guard and results in some rather interesting, and often honest, answers. How they talk about the company to those closest to them says a lot about their motives and their personalities, and in particular how much they want to join the firm.

4. **What did you enjoy most/find most challenging in your last position?** These responses give you a glimpse into what people enjoy most about their work as well as what might be difficult for them to manage. There are no right or wrong answers, necessarily. This question is a great assessment of the candidate, especially when considering certain roles.
5. **What opportunities do you see for yourself here?** In my companies there is great diversity of personality. What everyone has in common is great passion for what they do, for the people they call clients, and for working together to achieve success. They're also in it for the long haul. Finding out how people see themselves growing within the firm is very encouraging and opens the door to many possibilities.

3. **Understand their values and motives.** Younger generation planners and employees today don't necessarily have the same values, beliefs, and goals as their parents, but one thing is clear: They are passionate about making a difference and helping people. The

perks I mentioned earlier that have become more commonplace—job sharing, paid time off for volunteer work, and so on—are just some of the examples of how much has changed.

YOU CAN TEACH SKILL, BUT YOU CAN'T TEACH HEART

During the hiring process I often tell candidates that by the time they come in for their interviews we already know that they're qualified for the positions they have applied for. That qualification may not mean they have the highest credentials or the most impressive résumés, but it does mean that they have the potential to grow. What we want to teach them, we are confident they can learn. But what we can't teach them is to have passion for taking great care of clients, doing excellent work, and having pride in their work ethic and respect for their fellow employees.

- 4. Change the scenery.** A longer interview process can start to seem like a police interrogation if you don't change things up. To avoid questions becoming repetitive and responses becoming stale or formulaic, be sure to set interviews with different groups in different locations. Have the candidate visit several times, meeting with different people in your firm as well as in different locations. Have lunch and watch the way they interact and behave, and also put them

in situations that they will be in if hired—and observe. While I know that’s not a new practice, it’s important to consider the venue as part of the interview. See how candidates interact with the servers and how they conduct themselves in a more social environment. It’s at the lunch—or after several visits—that people start to get comfortable and show their true colors.

At the end of the interview cycle, work with the different parts of your team to compare notes and give feedback. You may find that a candidate makes a great impression on his potential managers, but a not so great one on colleagues.

ADVICE FOR GROWING FIRMS

A longer hiring process, particularly when you’re just starting out in the financial services business, can be challenging. The reality is, patience isn’t a virtue you can necessarily afford day in and day out. You have to grow. You need to get established so that success will build on itself. The sooner and faster you can get a few clients in the door, the sooner you’ll get more momentum.

But the one area that you have to stand still in long enough to assess is choosing the people you want to join you and help you on your journey. You may not have the luxury of being patient, but you must make time to hire the right people.

I recommend defining what success looks like to you and your firm. Do you want to grow rapidly or do you want to become more of a lifestyle firm? Look inward for answers, and understand that with all growth come failures. Overcoming those failures is a lot easier when you've taken the time to build a team that shares your goals and your motivation.

Although there's no foreseeing every pitfall that can derail your hiring plans, one of the most common mistakes that leaders make is hiring someone too quickly.

No matter how diligent you may be in your hiring practices, chances are there has been that one time where you rushed to hire someone. Did you need to fill a critical spot during tax season? Did you need to snag that top advisor before some other firm snatched him or her up? Maybe you bypassed checking all of the references, or you overlooked a few "minor" red flags during the interview process. Red flags can be subtle—anything from not making enough eye contact during an interview to typos on a résumé. Bigger warnings may include sloppiness or lack of communication skills. Did candidates seem confident at the interview or arrogant? If they were rude or dismissive to service people at an off-site lunch interview, would they be well suited for a service culture?

I always tell my team that they should never underestimate the power of their "little voice" during

the hiring process. It's important to trust yourself and your instincts about a candidate. You'll find that just as quickly as you drop someone into a key role, you may discover that she just doesn't fit. It can be a costly lesson to learn too late.

Regardless of how badly you need that new position filled, take one step back and consider the cost of *not* taking the time to find someone right for the job. Times are changing for advisors, and to stay competitive you have to evolve.

So while it may seem like time is ticking away during an extended hiring process, it's important to focus on the bigger picture and carefully choose every person that you add to your team. Ask yourself, "Does this candidate share my outlook on client service? Do his long-term goals line up with mine?" Check his references. Study his employment history. Don't be distracted by shiny accolades or accomplishments. Most important, listen to your little voice—if something seems amiss, it probably is! If you've already hired someone who is not meeting expectations, assess the damage; it may be time to roll up your sleeves and see if clear expectations and guidance can help steer him your way. Last, know when to call it—if someone simply is not right for your firm, don't waste time trying to make it work.

What it all comes down to is heart—hiring with heart. You have to care, genuinely care, about the people you serve and how you can improve their lives.

PATIENCE RECAP: TIPS TO REMEMBER

- Hire *slowly*—resist the urge to just fill the position and get it done by hiring the candidate with the best résumé. Take your time!
- Everyone in the firm has a stake in new hires—make sure to gather feedback from as many people as possible.
- Regardless of how badly you need that new position filled, take one step back and consider the cost of *not* taking the time to find someone right for the job.
- Make sure that your hiring process includes a number of meetings, varied locations, and different types of interviews.

Benefits