



# Industry Trends & Dynasty Guidance

Q3 2023

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# Develop a Bias Towards Action

Last quarter Dynasty introduced the energy audit to help leaders analyze capacity and delegate. That exercise focused on optimizing one’s time and energy by eliminating draining activities that aren’t essential. Developing a bias towards action goes a step further to help managers and individual contributors prioritize those essential tasks by mapping them to company and individual goals in a sequenced framework.

Step	Manager		Individual Contributor (IC)
<div>START HERE</div> <div></div>	<div>1</div> <div>IF YOU NEED TO DO THE TASK...</div>	<ul style="list-style-type: none"><li>• How important is it for you yourself to do it?</li><li>• Instead, can you delegate it to one of your direct reports?</li></ul>	<ul style="list-style-type: none"><li>• Is the task in harmony with what your manager's priorities are?</li><li>• Is it in the company's best interest?</li></ul>
	<div>2</div> <div>IS THIS THE BEST THING I CAN BE DOING WITH MY TIME RIGHT NOW? (See next slide: Actions Towards Goals)</div> <ul style="list-style-type: none"><li>• <i>What are the company goals?</i></li><li>• <i>Based on those goals, what should my work goals be?</i></li><li>• <i>What are the actions I can do to achieve those goals/make incremental progress?</i></li></ul>	<p>Your main job is likely <b>following up on actions with your immediate team and cross-functionally</b> with other department heads.</p>	<p>Your main job is likely working on projects you and your manager have <b>collectively agreed on you owning</b>.</p>
	<div>3</div> <div>HOW CAN I MAKE THIS ACTION HAPPEN IN THE NEXT 30 MINUTES?</div>	<p>Challenge direct reports to act with autonomy. Frame your ask: <b>"What do you intend to do?"</b></p>	<p>Optimize for getting something in front of an audience and iterating from there. <b>Don't let perfection be the enemy of progress.</b></p>
	<div>4</div> <div>WHAT CAN I ACCOMPLISH BEFORE SOMEONE ASSIGNS ME AN ACTION?</div>	<p><b>Predict</b> the needs of the organization before anyone asks you to do it.</p>	<p>What is the next action item I can take to <b>advance my manager's goals</b> before they even need to think about asking me?</p>

# Actions Towards Goals Framework

**How to Answer:** *Is this the best thing I can be doing with my time right now?*

The Actions Towards Goals Framework helps you prioritize by giving you a way to connect your output directly to your firm's goals. Mapping back your actions from the company goals and then your own goals ensures incremental progress towards a measurable target.

**DYNASTY GUIDANCE:**  
Wondering what those firm goals are? Or what your individual work goals should be? Engage your Dynasty Relationship Manager for a business planning session that produces a project timeline and identifies clear firm objectives for the year ahead.

## Step 1.



## Step 2. Identify:

**WHAT ARE THE FIRM GOALS?**



**BASED ON THOSE GOALS, WHAT SHOULD MY WORK GOALS BE?**



**WHAT ARE THE ACTIONS I CAN DO TO FINISH THOSE GOALS OR MAKE INCREMENTAL PROGRESS?**



# Dynasty Insights Coming Out of Recent Compliance Exams

## Advertising and Marketing

The new marketing rule has been an area of particular interest in recent industry exams and the Dynasty Network. While most firms have not yet leveraged testimonials and endorsements, third-party ratings have been the focus of recent exams. If you are advertising the ratings you have won, make sure that you have the proper disclosures, including, 1) the date of the award, 2) the time period of the consideration of the award, 3) whether compensation was provided to be considered for the award, and 4) the criteria or methodology of the award. Also be aware that the font size of the award needs to be the same as the original advertisement itself, as this has been pointed out in a recent deficiency letter. If you have any questions or concerns, please reach out to the Dynasty Compliance team.

## Custody and Crypto

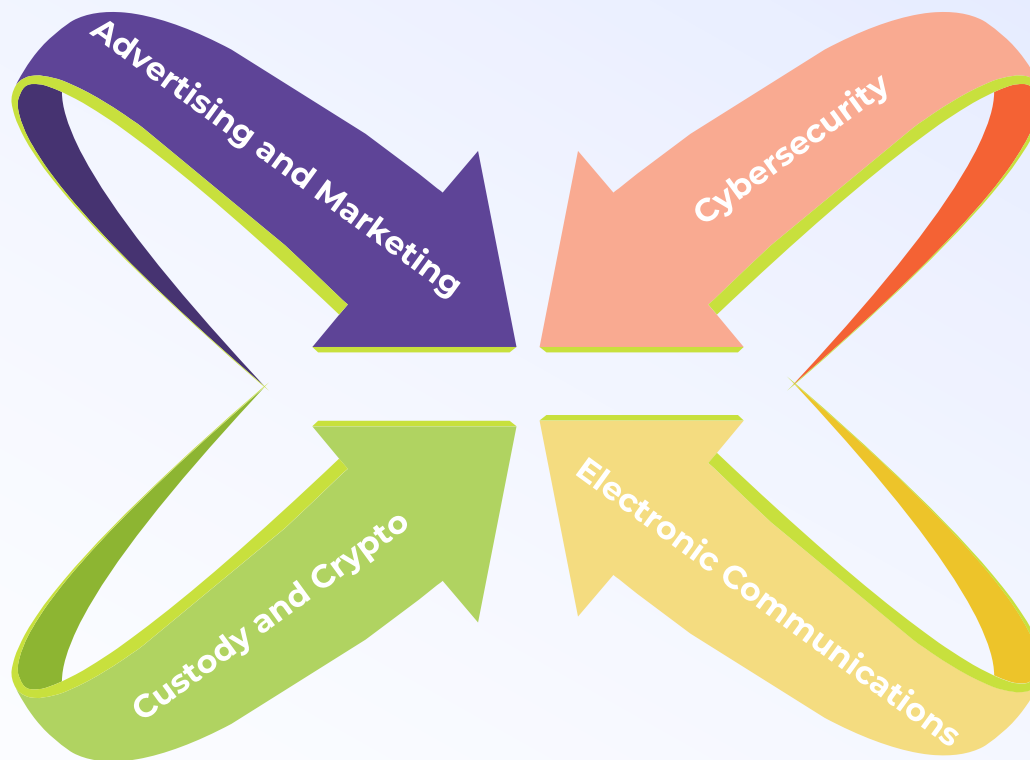
The SEC proposed new custody rules this past spring that would expand the scope of the existing Custody Rule beyond “client funds and securities” to include any “funds, securities, or other positions held in the client’s account.” The SEC’s aim here is to get a handle on crypto. This rule has reportedly been dropped, but the SEC is still zeroing in on crypto wherever possible. If your firm currently advises clients that hold cryptocurrency or other alternative assets, please make sure that your policies and procedures are tight around these practices. The SEC has asked and will investigate crypto whenever they see any sign of it within a regulatory exam. If you have any questions or concerns, please reach out to the Dynasty Compliance team.

## Cybersecurity

Although the SEC’s cyber rules have never been finalized, it is still within an advisor’s fiduciary duty to vet vendors and protect client data. On an initial and ongoing basis, you should, 1) perform due diligence on your firm’s vendors to see what their data sharing policies and procedures are, 2) perform cyber related testing such as penetration testing and phishing simulations, and 3) review your privacy policy to ensure that your firm’s practices align with your stated privacy policy. Fortunately, Dynasty Technology and Cybersecurity Services can assist you with all the above.

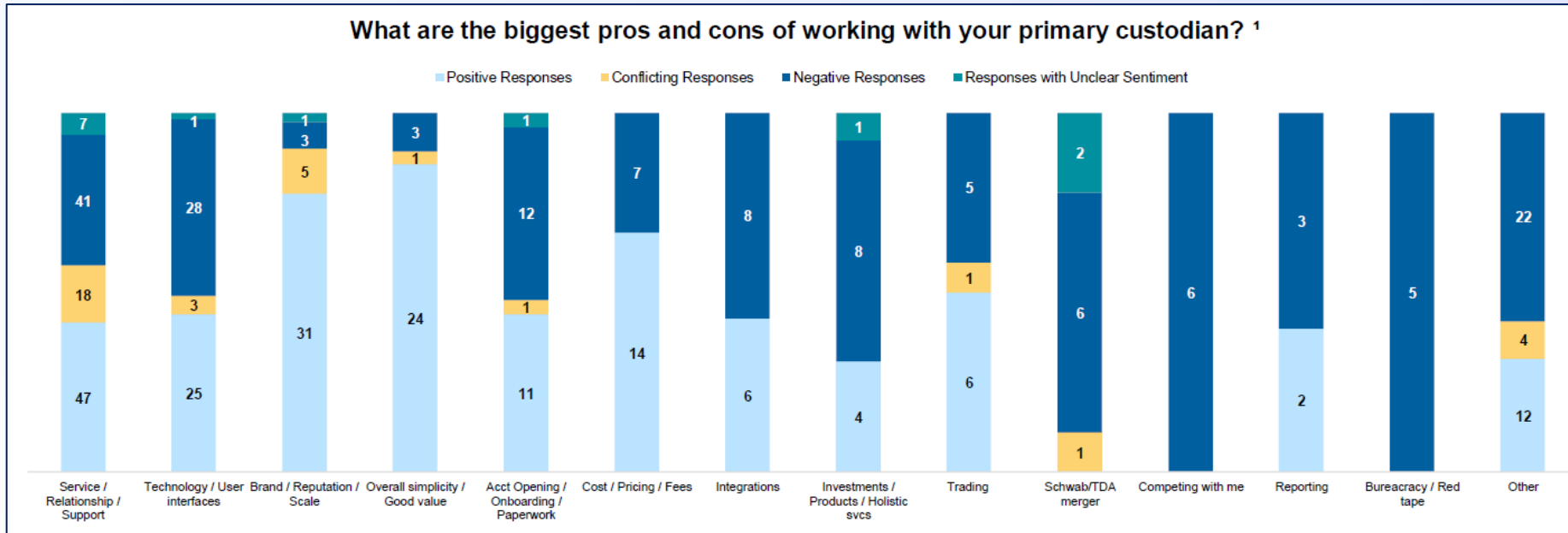
## Electronic Communications

This is related to enforcement actions against firms not archiving business text messages to clients. Compliance in this area is currently a top concern. Over the past year or so, the SEC has proposed and is in the process of adopting several new rules and regulations and there seems to be no end in sight. This has alarmed RIA firms, as these new rules are time consuming, the money spent to comply is significant, and may be hindering company growth.



# Pros and Cons of Custodians

- In their recent survey, Envestnet found that 64% of advisors work with more than one custodian. **That percentage increases for advisors with larger AUM figures:** 74% of advisors with \$500mm or more in assets work with at least two custodians.
- Additionally, 24% of RIAs surveyed are exploring adding a new custodian within the next twelve months across all asset levels.



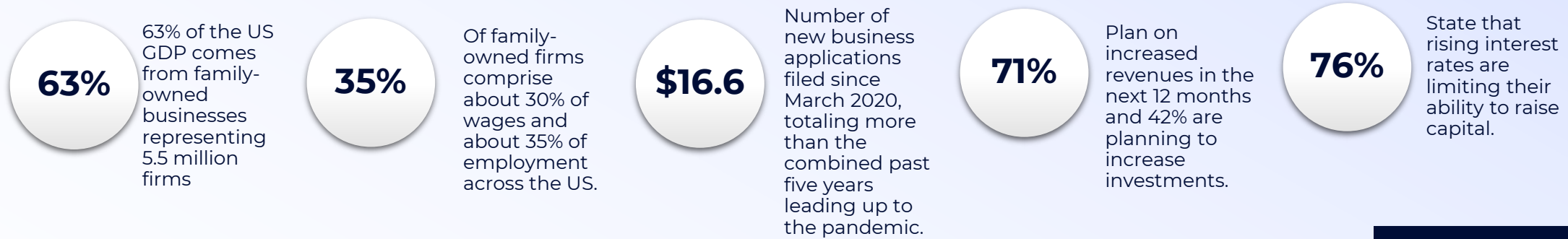
## SURVEY FINDINGS

- RIAs most often commented on “Service/Relationship Support” and “Technology/User Interfaces” – with varied responses.
- Most responses agreed that the biggest benefits include “Overall simplicity/Good value” and “Brand/Reputation/Scale.”
- Most responses agreed that some of the main drawbacks are the perceived channel conflicts, i.e., “Competing with me” and “Bureaucracy/Red tape” associated with these larger custodial entities.

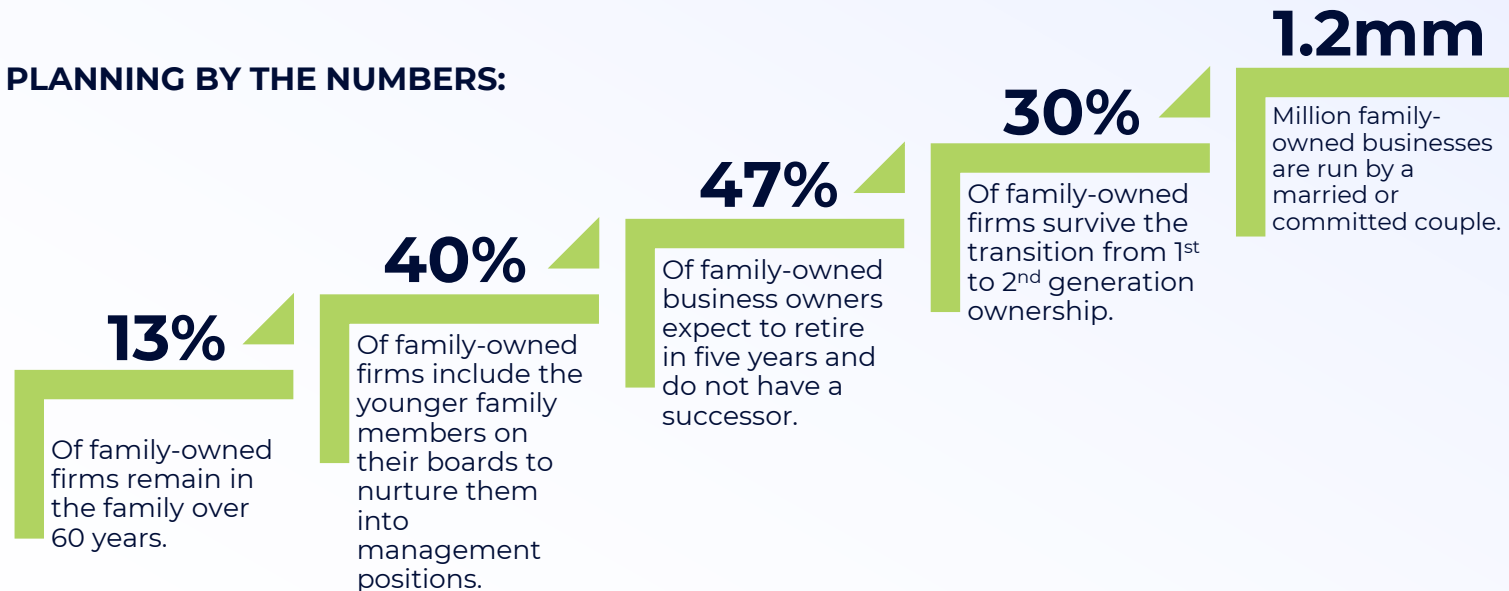
# Talking to Family Businesses about Succession Planning

*According to Deloitte's report on "Business Succession Planning, Cultivating Enduring Value," the next 10-15 years may bring about substantial transfers of wealth through the business ownership transfers across generations and new ownership structures.*

## THE OPPORTUNITY:



## SUCCESSION PLANNING BY THE NUMBERS:



## DYNASTY GUIDANCE:

Position your firm as a leader in this space by engaging your business-owning families, being more connected to local business organizations, reaching out to professionals for collaboration opportunities, and working with Dynasty's Marketing and Investment Banking teams for advice on branding and capital raising options. Clients will not know you have this capability unless you are proactively talking to them about it.



# The Rise in Lead-Gen Interest

Dynasty Connect recently conducted an investor survey and discovered the following <sup>1</sup>

- ✓ Although referrals by friends, family members, and colleagues remain the primary way investors find a new advisor, **wealthier investors (\$5mm+) rely less on referrals** when compared to other wealth segments.

✓ *Does your firm have a strategy to move upmarket?*

- ✓ 21-26% of **investors across all wealth segments** are **referred by a professional advisor** (e.g., accountant or lawyer).

✓ *Does your firm have a comprehensive COI strategy?*

- ✓ There is evidence that **younger investors** (<35 and 35-44) are **leveraging social media, blogs, or other online sources** to find a new advisor, more so than older generations (45+).

✓ *Does your firm have a digital client acquisition strategy?*

- ✓ Additionally, **younger investors** (<35 and 35-44) are **more likely** than older age groups (45+) to **leverage advisor matching services**.

✓ *Does your firm leverage a service to bring leads to your door?*

## Finding a New Advisor by Wealth<sup>1</sup>

Options	\$500,000 - \$999,999	\$1,000,000 - \$4,999,999	\$5,000,000 or more
Referred by a friend, family member or colleague	46%	50%	36%
Referred by a professional advisor (e.g., accountant or lawyer)	24%	21%	26%
Social media, blog or other online source	6%	6%	13%
Advertisement (e.g., newspaper/radio/television)	8%	8%	12%
Via online search for advisor	9%	9%	14%
Via an advisor 'matching service'/find an advisor service	7%	6%	11%
Other	21%	24%	30%

## Finding a New Advisor by Age<sup>1</sup>

Options	< 35	35-44	45-54	55-64	65-74	75 +
Ask a friend, family member or colleague	53%	49%	65%	58%	53%	54%
Ask a professional advisor (e.g., accountant or lawyer)	48%	66%	57%	55%	55%	53%
Social media, blog or other online source	40%	38%	5%	3%	1%	0%
Do an online search for advisors	49%	53%	32%	38%	26%	23%
Use an advisor 'matching service'/find an advisor service	44%	54%	27%	11%	10%	7%
Other	3%	2%	5%	10%	11%	11%
I don't know/Not applicable	0%	1%	3%	3%	9%	13%



# The Rise in Lead-Gen Interest

Sustaining organic growth rates becomes increasingly difficult as RIAs reach certain AUM levels, begging the question: *Should an RIA continue to build out their internal business development capabilities and tech stack, or should it outsource lead-gen to continue to drive organic growth?*



Only 18% of advisors surveyed by Investnet have used lead-gen services (e.g., SmartAsset and Zoe Financial).



Of those advisors, 78% were not satisfied with the results<sup>1</sup>.



Of advisors surveyed that haven't leveraged lead-gen tools at all report that they're not interested in exploring them.

- However, **digital marketing/lead-gen** was identified as a top three capability that a firm needs to add or improve to their business<sup>1</sup>.

## CURRENT CHALLENGES WITH LEAD-GEN INCLUDE:

- A LACK OF LEAD QUALITY
- TIMING TO RECEIVE LEADS IS LENGTHY
- LOW RETURN ON INVESTMENT (ROI)
- INEPTITUDE IN IDENTIFYING INVESTOR NEEDS

## DYNASTY GUIDANCE:

As the filtering and matching process becomes more informed, especially with advancements in AI, Dynasty believes that adoption and satisfaction of lead-gen tools will improve. Although there is continued interest in digital marketing and lead-gen tools, it's important to point out that 26% of investors with \$5mm+ are referred by a professional advisor (e.g., accountant or lawyer)<sup>2</sup>. This highlights the importance of cultivating relationships with Centers of Influence (COIs). If you are interested in developing a formal COI strategy, talk to your Dynasty Relationship Manager about best practices and actionable tactics.

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