RAYMOND JAMES

Is hiring a junior advisor part of your growth plan?

Meet candidates' compensation and benefits expectations with these tips

You've built a strong client base and managing their needs now takes up the majority of your time. Unfortunately, this leaves little time for growing your business by prospecting new clients or book acquisitions.

You've realized it's time to expand your team. Bringing a junior advisor on board will not only solve your time management issues, but also create possible succession opportunities as well.

Once you've drafted the job description, marketed the role, held the interviews and landed on a candidate, it's time to put together a strong offer that is not only attractive but also sets expectations for the future. Take these tips on board.

ALIGN COMPENSATION WITH PRACTICE GOALS

When bringing in a new advisor, especially one early in their career, they'll want to know upfront what opportunities they'll have for growth – that means upward mobility with the practice as well as salary increases and bonuses. To ensure you bring someone on board who's the right fit for your business, make sure the compensation package you offer makes sense for your practice.

The first strategy worth considering is a base salary plus a discretionary bonus. This provides flexibility to incentivize whatever behaviors you deem most beneficial to the practice. For example, the junior advisor might receive a quarterly or annual bonus with 50% dependent on defined job responsibilities, 10% based on overall firm growth, 10% on networking activities and the final 30% on generating net new assets. This approach allows you to customize the objective based on what your firm needs, and it allows the junior advisor you hire to clearly determine what activities they should focus energy on.

The second strategy to mention is a base salary and a percentage of overall firm profitability. This approach puts an emphasis on incentivizing a team versus an individual contributor. This offer also signals to the junior advisors that you are committed to their long-term growth and incorporating their input into the spending decisions of the business. As our industry has evolved, we have seen usage of this approach increase over the years to ensure that everyone feels valued and is working together to accomplish team objectives.

ASSET GROWTH AND HEADCOUNT – A DIRECT CORRELATION

In a recent internal survey of Raymond James independent business owners, the average total head count in a branch increased by about 20% when the branch's production increased from $3 million to $5 million. As firms reach the $10 million mark, headcount increases by an additional 40%.

Regardless of which compensation plan you offer, know that it's not uncommon for the base salary of a junior advisor to be reduced while bonus potential increases over time.

CONSIDER BENEFITS OUTSIDE OF SALARY

The job market is competitive for finance professionals, so candidates are usually comparing multiple offers. Business owners can make their total benefits package more attractive by offering health insurance and 401(k) plans, among other benefits.

According to our internal survey, about 60% of firms provide fully paid employee-only health insurance while 40% also cover families. Also, those that provide an employer contribution to 401(k) plans are contributing an average of 4% to 5%.

There are a host of other benefits that could push your offer ahead of the hiring competition, such as paid time off, parental leave, professional development stipends, weekly catered lunch and team-building outings and activities.

In an increasingly remote working environment, candidates are also interested in firms that offer hybrid opportunities. They enjoy the flexibility of being able to work from home a couple of days a week and not have to commute into the office every day. It's important that you find someone who thrives in this type of environment and can be self-motivated at home.

SET EXPECTATIONS FOR SUCCESS NOW AND IN THE FUTURE

You'll want to communicate compensation and benefits clearly, but just as important is being transparent about the expectations of the junior advisor role and how it impacts the business.

For starters, be sure to share the offer letter in written form. If succession planning is on your mind, be very clear about ownership potential but don't imply ownership if that's not part of the package. You don't want to run into any legal implications later. If an advisor leaves your firm and thinks they have an equity share in the business, they may feel entitled to additional compensation.

Hiring a junior advisor can be the beginning of a natural succession plan, but you don't have to decide right away. A strong offer will win over the candidate in the short-term, while developing them into the advisor your business needs is part of the long-term growth strategy. In time, you'll know if that's the right direction to head in. For now, the right talent will kickstart growth and give you some precious time to focus on your business and its bottom line.

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INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER
880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // 800.248.8863 // RAYMONDJAMES.COM