

Organization Design as a Foundation for Growth

This course is designed to help firms build a foundation for growth by designing and maintaining a staffing model that evolves with the firm. By the end of the course, firms should be able to document current firm structure, envision the future firm, develop a clear path to bridge the two, and ensure that the skills and preferences of team members are fully leveraged in support of organizational objectives

Overview:

In order to scale effectively and consistently, you must have a strong, scalable foundation. A key part of building that solid foundation is designing an organizational structure that allows you to:

- Grow the way that you want to
- Deliver exceptional client service
- Control the amount of time you spend at the office
- Ensure the lead advisor(s) are able to maintain a laser focus on their high impact activities:
 - Nurturing top tier relationships
 - Soliciting new top tier relationships
 - Developing and overseeing the execution of your strategic vision

By taking the time now to design your future organizational structure – also known as a staffing model, you're essentially developing a roadmap for a thriving firm. This planning exercise, which should be updated every one or two years, will help you feel confident in knowing how and when to add headcount, confirm you're leveraging your current team in the right way, and make the right staffing choices to take advantage of opportunities which could arise in the future.

To develop an effective organizational structure that can support consistent growth while maintaining an excellent client experience, follow these steps:

- **Step 1:** Get a baseline for your current firm by documenting your current org structure and job descriptions
- **Step 2:** Outline your firm's ten-year vision and the key points to include in your intermediate-term planning
- **Step 3:** Design and document your ideal organizational structure three or five years from now
- **Step 4:** Identify gaps between your current and future organizational structure & develop a plan to bridge those gaps

Step 1: Get a Baseline by Documenting Your Current Firm's Structure

The first step in designing your firm's organizational growth plan is getting a baseline of your current firm. Using the tool of your choice, lay out your current reporting structure with job titles & the top three or four key functions of each role. When it comes to creating your organizational chart, keep it simple and avoid getting lost in fancy formats. Sometimes the quest to do it "perfectly" becomes a block to getting it done.

Further document your current organizational design by confirming or creating detailed job descriptions for each role. As we discuss in our lesson on [Crafting Effective Job Descriptions](#), having clear, detailed job descriptions is critical for ensuring your team knows exactly what is expected of them.

COACH TIP: If you are just getting started in the business, the organizational chart might just show you and an assistant, and listing every function on your job description might seem silly -- but don't skip this step! It's an important piece in designing your firm's future.

Now that you have a clear picture your current organizational structure, use the questions in the "Baseline" section of our [Organizational Structure Planning Workbook](#) to reflect on how the structure is working for your firm today:

- How does this current structure help you deliver your service model?
- What about your current organizational structure works well?
- Where are you beginning to see signs of weakness or "growing pains" in your organizational structure?

When taking an objective view of their current structure, many firms begin to see areas where it's clear they need some immediate adjustments. Perhaps you've seen things falling through the cracks lately, and now it's obvious you've missed assigning some important job duties. You may notice that after delegating and adding duties to team members somewhat randomly over the years, you've ended up with some "Frankenstein" roles that aren't as well-aligned and efficient as they can be. This Baseline exercise is an excellent opportunity to do a quick spring cleaning of your organizational structure.

Once you've finished documenting your current firm's structure and have had time to reflect, move on to our next lesson about outlining your long-term firm vision.

Step 2: Outline Your Long-Term Vision

While the world changes too quickly to develop a detailed picture of what your firm will look like ten years from now, you need to have a good idea of where you *think* you want to go so that you make sure you're planning in the right direction. Otherwise, you may find yourself building a firm that is not at all what you had in mind and doesn't bring you fulfillment. Reminding yourself of your intended destination can inform the steps along the way and prevent costly diversions.

Review your completed Blueprinting exercise or use the questions below to refresh yourself on the vision for your firm.

- What kind of business are you trying to build?

- What experience do you want your clients to have?
- What do you want your business to be known for?
- How might your service model need to evolve?
- How will you effectively serve the next generation of clients?
- How big do you want to grow AUM-wise, and how many clients will you serve?
- If you keep growing at your current annual rate, how large will your firm be in ten years?

Once you have a good target for your ten-year vision, brainstorm what kind of organizational structure might be needed to support it.

- How many advisors would you need on your team to serve the projected number of households effectively?
- What might the advisor team structure look like?
- What will your client support team structure look like?
- What combination of positions allows the Lead Advisor(s) to focus exclusively on high value activities?
- Are there other client-facing professionals like CPAs, attorneys, or other specialists you will need on your team?
- What dedicated management and internal-facing roles are needed?
- What do you want your role in the business to be?

Finally, make note of the key points of your long-term vision that you want to make sure to “lock in” while you create your intermediate-term plan.

For example, if your vision is a firm that offers all wealth management services a client could need under one roof – financial planning, investment management, tax planning and preparation, estate planning, insurance planning – this is a key aspect you need to keep in mind when planning where your firm should be in three or five years.

In another example, if your vision is to exit the business in the next ten years and you prefer an internal succession plan, you need to start planning for that now.

It's worth noting in this section that successful firms tend to be shifting to a team approach for client service and advice delivery. The single advisor/assistant model used to be the norm, but at Carson we're seeing a trend away from this model due to evolving client expectations and overall industry changes. Many fast-growing advisory firms are moving to a team approach, where each member of the team is a specialist in their area, whether that be financial planning, service, investment management or relationship management. This model often provides clients better advice, better service, and the confidence that comes from knowing they have an entire team working to help them reach their goals. In general, this team structure includes a Senior Wealth Advisor and at least one Associate Wealth

Advisor. If you've not yet explored and defined your firm's advice delivery model, further guidance for developing service models and advisor team structures are covered in separate courses.

Factors such as the scope of services you provide and whether you choose to outsource functions such as compliance, technology, or investment management will impact your organizational structure as well.

If you're not sure which roles and functions might be needed in your future firm, it's time to do a little research. Start by reviewing our resource, "[Sample Organizational Charts By Firm Size](#)". Share your vision with your coach, who has experience in working with firms of various sizes and will be able to provide insight on how similar-sized firms are structured. Finally, connect with other advisory firms to learn what has worked for them.

COACH TIP: This step can sometimes feel overwhelming for firm owners – once you project firm growth at even a modest rate, your 10-year firm may be larger than you had ever imagined. Take a deep breath, and keep in mind: You have time to develop as a leader – you just need to be intentional about it!

Many advisors are visionaries who hire professional management teams to run the day-to-day business as it grows. You don't have to live in the details of execution if you don't want to. There are many options for either outsourcing entire functions or partnering with firms that allow you to effectively increase your team size & capabilities without the burden of direct management.

We've outlined the above steps in the "Vision" section of our [Organizational Structure Planning Workbook](#). Use this to develop a high-level outline of your ten-year firm. There's no need to create a detailed organizational chart in this step, but you should be able to identify the key functions and roles you'll need to support that vision. Once you've finished with your outline, continue on to the next step in the planning process – designing your firm's structure at an intermediate point in the future.

Step 3: Design & Document Your Firm's Structure in Three or Five Years

After documenting your current firm's current structure and reflecting on your vision, it's time to start designing your ideal intermediate-term structure. In this lesson, we'll begin by summarizing your firm's profile three or five years from now and planning the required supporting structure. Select the timeframe that feels manageable and in-sight given your firm's growth trends.

Use the steps outlined in the "Plan: Intermediate-Term Organizational Structure" section of the [Organizational Structure Planning Workbook](#) to outline key firm metrics at a point three or five years in the future:

- AUM
- Revenue
- Average client size
- # of client households
- Revenue/team member

- Recurring revenue as a % of total revenue
- Percentage of clients that fit the ideal profile
- Service model(s)
 - Services offered
 - NextGen engagement model
 - Evolution from financial planning to financial life planning
- Client experience
 - Advice delivery
 - Technology
 - Onboarding
- Operational excellence
- Business model (RIA, B/D Rep, Hybrid)
- Team engagement– defined career paths and team members who are fulfilled in their work
- Amount of time the owner spends on the work he/she wants to do
- Amount of time the owner spends at the office
- Other firm-specific metrics and models

There are two methods to use in forecasting your firm's intermediate-term profile. It's important that you calculate both methods so that you don't underestimate where your firm needs to be -- or will be -- three years from now.

Method 1: Review your ten-year firm vision and work backwards to determine where your firm needs to be in three or five years to be on track for that vision.

Method 2: Look at your growth rate over the last one-to-three years. Using that average growth rate, project your firm's metrics three or five years from now.

Based on your firm's intermediate-term profile, begin outlining your firm's required support structure, using a similar framework to the one you used for the ten-year vision:

- Summarize your planned service model(s)
- How many advisors will you need on your team to serve the projected number of households effectively?
- What will the advisor team structure look like?
- What will your client support team structure look like?
- Are there other client-facing professionals like CPAs, attorneys, or other specialists you will need on your team?

- What dedicated management and administrative/internal-facing roles are needed?
- What combination of positions allows the Lead Advisor(s) to focus exclusively on high value activities?
- What do you want your role in the business to be?

However, unlike the ten-year vision, you do need to get specific for this exercise. Identify the exact roles, and how many of each role, needed to support your planned three or five- year firm.

If you're struggling to outline the future roles you need, a helpful exercise can be the **whiteboard exercise**:

On a whiteboard, flip chart or even a large piece of paper, create a master list of EVERYTHING you do now. Think about all the activities that take place in a typical quarter. Then, using the items in your master list, create three additional lists: 1) tasks you should *continue* doing given your role in the firm and unique abilities, 2) tasks you should *delegate* to a current team member who has the skill, capacity and desire to complete them, and 3) tasks that make up the role of a future *new hire*.

Complete this process for each team member. At the end of this role alignment exercise you should be able to confirm that the right people are working on the right tasks and identify the skills and experience required for your next few hires.

COACH TIP: This exercise is a great opportunity to get insight from your team. Where do they think you'll need to add resources in the next three years? Show them your expected firm metrics and ask: "What would we need to have in place to effectively serve this many clients?" If you're a larger firm, this exercise should be completed by your management team.

Many advisory firms don't plan ahead for needed dedicated management or internal roles to support their expanding enterprises. As your firm grows, you'll likely have functions that you may want to consider bringing internal or expanding to a dedicated role. As you're identifying your future needs, consider these functions as well:

- **Dedicated Management:** Operations/Finance/Marketing/Sales/Talent
- **Finance:** Accounting/Bookkeeping/Forecasting
- **Talent:** Recruiting/Benefits/Payroll
- **Information Technology:** Network/Hardware/Software/CRM
- **Compliance:** Submission/Review/Legal/CE/Regulatory Filings
- **Marketing:** Strategy/Digital/Events/PR/Graphic Design/Copywriting
- **Operations:** Trading/Reporting/New Accounts/Transfers

This is another point at which using the [Sample Organizational Charts By Firm Size](#) can be helpful in informing your firm's future structure.

Using the tool of your choice, create an organizational chart for your planned three or five-year firm with job titles and the top three or four key functions of each role. Be realistic, but don't underestimate your future needs either. You can always delay a planned hire if your growth is slower than expected.

Further develop your planned intermediate-term organizational structure by creating detailed job descriptions for each of the roles on the organizational chart. As your firm grows, job responsibilities will likely evolve as roles become more specialized and your firm's needs change. Once you've thoroughly documented your future structure and job descriptions, continue to the next lesson to begin creating a detailed plan for your organizational growth.

Step 4: Develop a Plan to Achieve Your Intermediate-Term Organizational Structure

You now have the three critical building blocks to developing a solid plan for your organizational growth: a current baseline, your vision, and an expected structure at an intermediate point in the future. The next step to developing your plan is to identify gaps between your current firm structure and the expected three or five-year structure. Start by identifying roles or organizational structure characteristics that will be decidedly different three years from now:

- What new roles will your firm need in three or five years that don't exist today?
- What roles will have expanded functions or responsibilities?
- What roles will have fewer, more specialized responsibilities?
- What new departments need to be created?
- How will your firm's reporting structure change?
- How will your role evolve over the next three or five years?

Once you've pinpointed the gaps between the current and future state, identify the two or three most critical roles for your business to fill over the next three years. For each of these roles, determine at what point in your growth trajectory the role will need to be filled. For example, you may decide that you need to hire another Associate Wealth Advisor when your firm reaches a certain level of AUM or number of client households. **This is a key step in helping your firm grow and scale effectively as it allows you to confidently know when and how to add members to your team.**

We can't emphasize this point enough: if you don't plan ahead, you could miss the opportunity to hire top talent when it's available, cause burnout (and attrition) for your current team, and/or deliver an overall subpar client experience due to an overburdened team. When planning your runway, consider the amount of time it can take to:

- Solidify the job requirements and requisite skills for a position
- Recruit a high-quality candidate
- Onboard and confirm the new hire is the right cultural and intellectual fit
- Train the new hire well enough for them to begin adding value to the firm

- Allow for the time and experience needed for the new hire to master the skills required to excel in the position

For many positions, this can mean starting your hiring process six to twelve months before you need someone fully functioning in the role.

COACH TIP: You won't make your best hiring decisions when your hair is on fire. Successful business leaders hire well before they need someone -- not when you need them.

Next, begin identifying potential career paths for your current team.

- Which members of your team are critical to helping you achieve your growth goals?
- Which future roles could be filled by current members of your team?
- What training, mentoring, certifications, experiences, or other professional development is needed for those current team members to be prepared to take on those roles in the next three years?

Don't automatically disqualify a team member because they don't yet meet all of the qualifications for a role on your intermediate-term org chart – they'll have a few years to get there! Work with your team members to identify their future career goals and create a development plan to get them there.

Use the questions in the **Organizational Structure Planning Workbook** to guide the analysis of your firm's gaps.

Once you've analyzed the gap between your current firm and where you want to be in three or five years, it's time to outline your strategy to get there. Create and document a three-year hiring and team development plan:

- Outline your top two or three future roles to fill and at what point the roles will need to be filled
- Determine what development needs are needed for your current team members to take on new levels of responsibility
- Identify which roles may need to be backfilled when your current team members take on new levels of responsibility
- Outline your external hiring needs over the next three years by listing new and existing roles that will not likely be filled by internal candidates

A suggested template for your hiring and development plan can be found in the **Organizational Structure Planning Workbook**.

Once you've finalized your hiring and development plan, you've essentially created your firm's structure and talent roadmap for the next three years. Review your plan at least quarterly – it's a great tool to help you stay focused when networking with potential candidates, plan and control budgets, and have engaging career development conversations with your team members.

Summary

Designing and implementing a thoughtful organizational structure is a critical element to designing a firm that can grow without negatively impacting your clients, provide career opportunities for your most talented team members, and support your personal vision and mission. Even if you don't intend to build

a multi-billion dollar firm, if you are delivering a superior client experience, you will likely still grow and need a plan to manage and support that growth. By following the planning process outlined in this course, you are well positioned to scale effectively and consistently.

FAQs:

- **What role should I hire next?**
 - The specific answer to this question depends on the pain points your firm is currently experiencing. But in general, a great method is to use the whiteboard exercise outlined in lesson three of this course. Your next hire should be the one that will best allow each person in the firm, starting with the owner and lead advisor(s), to focus on the tasks that are their high-value activities.
- **When should I hire the next person – what are the metrics that should drive hiring decisions?**
 - This answer depends on the role and your current service model(s). Typical metrics include AUM, revenue, number of client households, time spent at the office, and strategic initiatives planned for the year. Work with your coach to identify the metrics specific to your firm structure and begin planning to hire your next team member at least six months before you need them.
- **How do I accurately assess capacity for owners and lead advisor(s)?**
 - To assess capacity of a firm owner or lead advisor, look at metrics, such as:
 - Total number of clients personally served
 - Number of mid and lower tier relationships personally served
 - Overall time spent in the office
 - Percentage of work time spent on networking and new client acquisition
 - Percentage of time spent managing portfolios
 - Percentage of time spent placing trades
 - Percentage of time spent in firm leadership activities

Resources:

Learn more and download the resources referenced in this document from the [Organization Design as a Foundation for Growth](#) course in Carson Coaching Online.

- **Organizational Structure Planning Workbook (fillable)**
- **Organizational Structure Planning Workbook (printable)**
- **First Five Hires**
- **Sample Org Charts by Firm Size**