Timelines and Blueprints: Nurturing Your Integrated Culture

Cynthia’s Perspective…

In October 2018, Private Ocean had just completed its second acquisition in eight months. It was an exciting time for us that doubled the size of the firm and expanded it into three additional locations. As you can imagine, we were riding high on momentum and morale. After all, we felt we had done our homework on the front end of these deals and checked off the list of cultural must-dos on the back end. On the surface, this seemed to be the case, as people expressed gratitude for the thought and care put in to the transition, as well as enthusiasm about our upcoming annual retreat. By the end of 2018, the firm began shifting its primary focus to meeting integration goals for technology and operations while preserving the integrity of our service to our clients. We also continued to look for opportunities to bring people together, as we knew all too well that even though the ink was dry, our combined culture was still taking shape.

Over the years, one lesson that we have learned is that when it comes to culture, sometimes issues appear when and where you least expect them, and only after lingering undetected for some time. While it may seem clear that some people need extra time to adapt to change for instance, others might be less obvious in their unhappiness or uncertainty. A slight change in process, for instance, might set off a chain of tiny reactions that brings something to the surface. That then affects other people, and how those people communicate or act is a direct result of the work environment that you have created. If all of that makes your head spin a bit, that’s normal. A firm’s culture is ever-metamorphosing, and while it must evolve to continue meeting your needs,
it’s also important to recognize when you need to stop and put down stakes in order to preserve your foundational values.

As people are the key driver of your culture, one common unknown factor of these deals, which Greg has mentioned in previous chapters, is that sometimes it takes time after a deal to find how and where people fit best “on the bus.” When two firms are about the same size and roles are clearly defined or similar in nature, the road to integration might be slightly easier than say, a large firm that is more evolved and specialized in their roles acquiring a smaller firm where employees wear lots of hats. Suddenly the people in the smaller firm are giving up control of responsibilities and perhaps finding themselves with new identities, which can lead to some people feeling disconnected. If communication isn’t open and leaders aren’t asking, many times they don’t realize that the employee is unsatisfied until they give their notice. This is just one example, but the lesson to learn here is that while you may think you’ve taken all the right precautions to ensure employees feel included and are excited about a merger, you won’t actually be able to gauge the impact for some time after the deal is done.

Assuming there is no way to predict if and when these issues will arise, how long should a firm take to realistically come together culturally, and what are some things that can be done to continue nurturing an environment with engaged, motivated employees?

The answer to the first question, from our experience, is that the base timeline is between two and three years after a deal closes. You read that right—it takes much longer than you think to absorb the changes, integrate, and then function at your highest efficiency. Here’s a sample timeline breakdown:

• **Day 1: The deal closes.** Due diligence is complete and you’ve signed the deal. You’ve also laid the groundwork for your integration strategy. Announcements are made. Celebrations are held. Business signs go up, business cards and letterhead are ordered. Technology tools have been assessed and processes have been set up. You’re ready to go!

• **Day 1–90:** The first three to six months is a whirlwind of excitement, and you’re mostly focused on getting everyone up and running, whether you are trying to come together as one team, or establish the new team under new leadership. Training takes place. Benchmarks are set up for achieving technology integration goals. Strategies are laid out for rolling out and communicating changes to clients. You are putting your best foot forward, and at this point, everyone may seem like they’re along for the ride.

• **Day 90–Year One:** Between the six- and nine-month mark, you start to see people slowly coming together. Through work activities and regular interaction in person or virtually, people naturally begin building relation-
ships and expectations. In any situation, it takes a while for people to know what’s real, and over time, their perception of their colleagues and leaders begin to change. It’s typically during this time that you also begin identifying cultural issues, that is, those who are most resistant to change or who are struggling to adapt. At this stage, the honeymoon phase is ending, so there is a premium placed on being consistent with your behavior and your cultural values. If your environment is one of leadership commanding control to get the job done, stay consistent with that stance. If your culture is warm and nurturing, be consistent. You want people to count on you to be who you say you are; it’s far too easy for people to simply relapse into what feels normal and comfortable to them.

- **Year One–Year Two:** Depending on the deal and your situation, you may be well on your way to solidifying your culture and seeing people working effectively as one strong team. But from experience, it is often a two-steps forward, one-step back journey. Greg has said that at this stage it may feel like some things work against you at times, stemming from basic human nature to expected and unexpected business disruptions. This period is when you should really be staying focused and address any minor issues as they appear. Also, at any given time, people may be dealing with personal issues that they don’t freely share because this is a “busy” time; being sensitive and aware of your people and checking in regularly can reveal possible speed bumps in the road to integration.

- **Year Two and Beyond:** The positive thing about Year Two is that by now, you likely have a strong handle on your identity—its strengths and its opportunities. You know where you need to spend time developing business and you know what pockets of people, process and technology need more guidance and attention. The downside is that you are also fully aware that you have inherited and developed issues that didn’t exist before the deal, and some of those may be complicated, sensitive and far more difficult to resolve than you first imagined. These shouldn’t be considered missteps or roadblocks, by the way. They come with the territory of merging or acquiring with any firm (similar to a family, we all come with our quirks!) What’s important is to stay diligent and committed to addressing those problems rather than kicking the can or avoiding them altogether. The fallout from these issues—when ignored—can be monumental in both the short and long term, effecting both business productivity and profitability.

To answer the second part of the previous question, “what are some things that can be done to continue nurturing your culture?” it first takes a bit of self-reflection for firms to identify what culturally has been meaningful to
employees before, during and after this process. This may include the physical environment, group traditions, unique perks and benefits, visual symbols and “legend” stories. At Private Ocean, in addition to consistently reinforcing our Guiding Principles and holding twice-yearly off-site retreats, we have regularly scheduled volunteer days serving our communities, we’ve planned ongoing social activities, and we’ve taken great care to bring people together across office locations as much as possible. These activities have been widely appreciated and expected, in some cases becoming firm-wide traditions that give employees bragging rights with their families, friends and professional network. The key has been consistency and care, with our leaders serving as role models for the culture.

And speaking of role models, we’ve taken things a step further by creating an established group of leaders—our Expanded Leadership Team—that represents each area of the company. Greg has often said that he never makes business decisions about the firm in a bubble. He values and solicits feedback from his leadership team, and the formation of this particular group was designed to bring to the table on a regular basis the most pressing issues of each department. It also provides the rest of the firm exposure into the current projects of other areas and locations, and gives an impression of inclusion, advocacy and representation among other leaders.

The format for these meetings is straightforward. They occur monthly for 90 minutes, and each leader representing their area of the company gives a report out of the team’s work. Unlike an all-hands, in this more intimate setting, leaders can address more sensitive topics such as employee engagement and workload concerns as they relate to their projects. By bringing different perspectives to the table, Greg and his executive leaders can make informed decisions about appropriate messaging to the rest of the staff that is thoughtful and intentional.

While I acknowledge that at 50+ employees, Private Ocean has the luxury of bringing together a group of people in this capacity, this concept is less about what every advisory firm should do and more about being creative in capturing key voices that contribute to your firm’s unique culture.

The Blueprint: Seven Impact Areas to Continue Nurturing Your Firm’s Culture

Every firm is distinctive, from its leadership to its culture to its clients. There will never be a “one-culture-fits-best” for RIAs, and often that is a key reason why we decide to take a position in a certain firm, or why our clients choose
to work with us. Naturally, we all want to surround ourselves with others that we can relate to on some level, whether it is personal or professional.

The RIA industry’s cultural spectrum is vast and layered, but there are general aspects of business operations that any firm can leverage to help cultivate the corporate environment and instill its core values. Here are seven considerations to keep in mind to help cultivate and preserve your foundation as your firm grows and evolves. This is obviously not an inclusive list, but does cover some of the areas we use as opportunities to cement our ideals with our employees, and on a higher level, with our clients and our partners:

1. Leadership
2. Hiring & Recruitment
3. Goals
4. Processes and Procedures
5. Physical Space
6. Group Activities
7. Internal Communications

**Leadership**

Leadership and culture are eternally tied and interdependent. Culture functions as a living, breathing entity that finds its shape and grows based on the elements of its environment. Leadership provides the roots, water and sunlight for that entity, and factors like where and how it’s planted, and more importantly how it is cared for and by whom, all play a role in whether or not it flourishes or withers (Fig. 6.1).

When it comes to nurturing culture and continuing to express the firm’s values, everything starts and ends with leadership. These people should expect to walk the talk, be authentic and communicate the firm’s values often through words and actions. Some examples for leadership to implement on a regular basis include:

- Consistent tone and language in conversations, meetings and via email
- Recognition of accomplishments—both small and large
- Repetition of integration goals (both short and long term), how they align with your values and the benefits to your employees
- Outreach to individual employees when possible to check in, with no agenda
- Drop-ins on smaller group gatherings or department meetings
• Organization of social/extracurricular gatherings to give people opportunities outside of work functions to connect
• Encouraging conversations about personal growth

Leaders should also be sensitive to the micro cultures that exist within the larger framework of the company. These are often overlooked and often they are nearly as important as the overall culture. I’ll explain.

Differently from a hand-picked team of people that you choose for one department, an integrated team from an M&A event brings together people from two previously different firms and different cultures. For example, a client services team may add five new people to a team of ten. Those five people go through two rounds of integration—into the firm and into the department. They have new executive leadership and new supervisors. They may find where they fit into the bigger company picture, but they might struggle to find their identity within their department. It could also be the other way around.

In some cases, those five people might carry great influence that affects the original ten—completely changing its dynamics. Either way, these smaller groups can morph quickly. How we act and feel within smaller circles with our peers who perform similar job functions is different than how we present
ourselves in a larger group. And each of these sub-cultures plays a key part in shaping the firm’s culture. It’s important for leadership to stay connected with supervisors on how each integrated group is evolving and intervene if necessary.

**Hiring & Recruitment**

One powerful way to communicate and preserve your cultural values is during your hiring process. Greg has long advocated and practiced a multi-layered hiring approach that has played a large part in creating a “dream team” of individuals who are loyal, high-performing and share the same values as their peers. Some employees have been with Private Ocean since its inception; others were part of one of the original two firms before they merged in 2009. It’s not uncommon for the team to celebrate the 18th or 19th work anniversary of a colleague!

Traditional methods of hiring rely heavily on skills and resumes. The most impressive candidates are filtered through human resources, and then invited to come in and interview with their prospective supervisor. That supervisor then decides on the hire.

Our strategy is 50% skills and 50% cultural fit. Greg would say that you can teach skill but you can’t teach heart, and I agree with him. In the past decade, we’ve implemented a process that is definitely more time consuming and involves quite a few more people, but the results have paid off immensely in selecting candidates that are best suited for the firm and stay for the long haul.

**How It Works**

1. **Candidates are filtered for skills, experience, education and so on, as well as what isn’t in the resume.** A cover letter can speak volumes about someone’s motives for seeking a position, from canned graphs about “wanting new challenges” to starting a new career path to relocating to the area. An interesting note about my experience working with Greg and the leadership team at Junxure and at Private Ocean were the number of people who were 180-degree career changers. That commonality gives people a fresh perspective about their roles and our industry that has often been very beneficial for the firm. There is also something inspiring about people who are willing to take a risk and start over mid-career because they have passion for it.

2. **The first phone calls are typically with our human resources representative.** Before the firm invests the proper amount of time in a candidate, they are vetted in a phone interview about their background, their experience and their interest in the role.
3. The first, second, perhaps third meetings are held in succession and evolve over the next few weeks. The amount of time spent may vary based on the role in the firm, but nearly everyone goes through a series of in-person interviews to gauge many things including cultural fit (advisors also go through a technical interview to assess their knowledge and their approach to what they do). Is there natural rapport with this person? Do they value the same things that we do? Do they seem eager to please or eager to learn? The meetings may include operations team members, direct supervisors and potential teammates and other leaders or colleagues in the firm. The interviewers are given the candidate’s resume ahead of time, and afterward they share their feedback. Care is taken not to overlap questions too often, but asking a question several times might solicit different answers. Nothing is wasted in these meetings.

4. The offsite meeting. By this point in the process, we typically change the scenery. We recognize that the candidate is investing as much time as we are in these interviews, so we will intentionally meet offsite, usually for a meal. The objective here is for people to begin naturally letting down their guard. Over lunch, people start talking a bit more freely, perhaps, and let their true colors show. The takeaway is that you can assess a lot about someone’s character by how they treat others.

5. Lastly, everyone who has met the candidate offers their input and leadership helps determine if the candidate is the right fit. I can say that in the few instances where the firm rushed to hire a candidate, it’s led to some issues down the road. It’s in your best interest to slow down and take your time during the process of adding new people.

Goals

What better way to reinforce your values than through the quarterly and annual goals your firm and your employees set for themselves? At Private Ocean, we use something called the Golden Thread concept, first shared with us by Andy Elkind of The Elkind Group, where we envision how each of us and what we do affects and is connected to everyone else. We all make a difference, we all have our unique contribution, and we are all accountable for the success of the firm. Using this approach, people understand our vision, understand the role that they play in creating success, and they have the metrics to help them achieve their personal goals that funnel upward toward the firm’s goals.
As part of this Golden Thread, we use a “Four Sail” category system to help people determine what area of the firm’s success their individual goal falls. This changes over time, but these may include operational excellence, company growth, client experience and employee engagement. From there, employees work with their direct supervisors to create SMART goals (Specific. Relevant. Measurable. Attainable. Time.) every quarter. Check-ins are scheduled to make sure everyone is on track.

Creating a “Golden Thread” Concept

As a firm grows, it can become more challenging for individual employees to understand how they contribute to the overall goals of the firm. In a smaller organization, for example, one person might be responsible for answering phones, managing the office and even serving clients with basic needs. When a firm doubles in size or adds locations, those responsibilities may be divided up differently across many people. Some senior-level people might advance to a managerial role. Others may find (as was in our case), that their calling lay in completely different roles within the firm.

Some questions that arise during periods of growth and change including an M&A event include:

“How am I making a difference in the firm’s overall success?”
“How do I know if I’m managing my time and prioritizing work based on what’s most important to the firm?
“Do I still feel like this is the role I signed up for before the merger?”
“Am I challenged and feel like I am growing in my career?”

The Golden Thread concept was designed for employees to visualize how their individual goals are tied to team goals, department goals and ultimately the firm’s success. It starts with sharing the firm’s goals for a given period of time, for instance, the firm goals may want to achieve 98% client retention rate. Each department should discuss with their team how they can contribute to client retention. Which efforts make the biggest impact in client satisfaction? What communications help nurture a relationship and which activities exemplify value? From there, each employee works with their direct supervisor on what their individual goals are to help the firm achieve that goal. Below is an example of how this works from the perspective of a client services team:
2020 Firm Goal: 98% Client Retention.
Department Goal: 100% response rate to clients within two hours of contact.
Team Goal: Proactive outreach in concert with client services team twice yearly to clients regarding individual tax needs, charitable/gifting obligations and RMDs.
Individual Goal: Personal touch points quarterly to clients via email, phone and video conference.

When you’re in a larger organization, or one that is growing rapidly, it can be easy to feel disconnected from the larger goals of the company. It can also be challenging to understand how one contributes in the growing firm and how they should prioritize their responsibilities. The upward funnel visual of the Golden Thread gives employees a clear sense of contribution and how their role (and the roles of their colleagues) are all inter-connected, and it also offers management the added benefit of implementing a way to effectively help employees manage their time and activities that feels purposeful.

Understanding Competition (Greg’s Perspective)

We are all naturally competitive, some of us more than others. Depending on your firm’s atmosphere, this may be something you encourage or discourage, but it’s not something you should pretend doesn’t exist. My approach has been to accept that some people are more competitive than others and are even personally motivated in some cases to compete with their peers.

It’s all about understanding what drives different people to do their best and creating an environment that is flexible enough to allow different types of personalities to succeed. Everyone has their individual strengths, and as a leader you want to tap into those by finding what inspires people to perform at their best and highest level. My goal is to help build the right career path for each person based on their skills and aspirations, not how they measure up against one another. I’m also keenly aware of how goals, performance and compensation are tied together, so it’s important that bonus structures are based on individual goals rather than team goals, with an added layer of performance of the firm that benefits everyone. This has strongly influenced our culture to be collaborative and supportive, with employees admiring the strengths of their peers and viewing these as an asset for the entire firm.
Processes and Procedures

An obvious area to make an impact on your culture is in your operational policies and procedures. It’s important to address both firm’s policies before an M&A event, and again sometime after the deal is done. It’s important to review where both firms overlap and what factors carry the most weight, and then determine if there are areas where you need to adapt to evolve with the larger group. The key is to offer clarity and a guide for employees to follow. The elements of operational process to consider would encompass:

- Organizational Chart and Hierarchy
- Dress code
- Benefits Package
- Work Hours and Remote Work Policy
- Time Off and Holiday Schedules
- Performance and Bonus Structure
- Reward and Recognition Programs
- Growth Opportunities (Educational Reimbursement, Internal Promotion Process)
- Community Outreach (Volunteer Days, Charitable Matches)
- Planned Team Building Activities (In and Out of the Office)

Additionally, this should also include the firm’s hiring practices, the firm’s stance on current social issues (as appropriate) and available communication and feedback channels for employees.

It’s important to pause here for a moment and think about process as we grow from M&A activity. It’s natural and necessary that as a firm gets larger it requires more structure to stay on track and move forward with discipline. However, too much process can start to feel alienating for everyone on the firm—both those who were part of the original organization and the employees who transitioned from the acquired firm.

Here is an example: Imagine a firm run by two principals whose culture largely valued the engagement and inspiration that the two owners provided to their team. They had found a true cocktail for success and were growing quickly, which enabled them to acquire a smaller firm. They took great pains to put many processes in place that would allow them to step back from an operations level and have middle managers resolve any issues along the way. If there was a problem, they had a process to solve it. Quickly, however, employees felt cut off from the owners, whose presence in the office seemed to
decrease and whose doors were now often closed. Culture became more policy-driven and influenced by middle managers with far less experience and charisma. In the end, engagement dropped and turnover picked up.

The lesson here is that it’s important not to lose sight of what made you successful in the first place, and explore ways to preserve those elements as you continue to grow and make necessary changes to streamline business.

Physical Space

One of the key ways to integrate culture is to create a consistent experience in different offices—in Private Ocean’s case, we work hard after a merger or acquisition to quickly change signage, colors, collateral, and even front desk and workstation layouts to better align with our culture and establish that this is a new day.

I believe we take for granted how impactful our physical offices are on our culture. Not only do they make a first impression with our clients, it’s also where we spend a good portion of our lives together. It tells your story and shapes the client experience, it affects our behavior and how we interact with one another and it creates an unspoken code of conduct. Our space also accomplishes something quietly that other elements of culture do not—it sparks all of our senses.

Imagine a time when you walked into an office—maybe for a doctor’s appointment, an accountant or for a business meeting. From the first few seconds you walked into the building, your senses were absorbing elements that helped shape your first impression. The art on the walls, the people walking around you, whether or not there was music playing in the elevators. Taken one by one, some of these things may seem more trivial than others, but as a whole, how you perceive that business was inadvertently shaped by how you felt—even before anyone said hello. Here are elements of our physical spaces that play a role in shaping culture.

- **Location and Building.** Your actual address including the building are like the cover to a book. What part of town are you in? Is it convenient and easily accessible or is the traffic so bad that clients feel anxious anytime they need to come to your office? Is there nonstop construction across the street or is the area run down? Is your office on a desirable street lined with cafes and other convenient services? What about the building? Is it well-maintained? Modern? Clean? Is it WELL or LEED Certified? Is there front desk security or a concierge to greet your guests and employees? If you
asked your employees candidly, would they say that they are proud to work in that location?

**Ergonomics.** The American Society of Interior Designers (ASID) in 2017 partnered with Cornell University, Delos, and the Innovative Workplace Institute to research the impact of design and ergonomics on the workplace [1]. From their findings, they deduced that workspace design affected the employee experience which then impacted productivity, retention, employee health and the firm’s overall ROI. Ergonomic elements include:

- **Lighting.** I assure you that anyone who has worked in an office will lament the effect of bad lighting on their overall mood. The ASID’s study on workspace ergonomics noted that 68% of surveyed employees were dissatisfied with the office lighting. Harsh lights can feel as if you’re in a dentist’s chair and dim lighting can be harmful on the eyes. If you work in an office and you notice people bringing in desk lamps from home or who seem to work in the dark, you may have an issue at hand. Natural light is always preferred, but daylight bulbs and light matte paint colors on walls can be useful tools also.

- **Temperature and air quality.** Raise your hand if you’ve worked in an office where you wore a jacket or sweater all day in the middle of July! Or if the temperature regulated sections of the office space where one employee prefers the Arctic while the other prefers the Sahara. Both the temperature and air quality of an office can make an impression nearly by themselves. The Occupational Safety and Health Administration (OSHA) recommends that indoor work environments be between 68 and 76 degrees [2].

- **Acoustics.** Noise pollution is a top distraction to productivity. Office chatter, phone calls held on speaker phones, the sound of keyboards rattling, chat beeps, email dings, mobile ringtones and even mechanical sounds from servers or HVAC systems can add a lot of disruption to your workday. It’s not so easy re-designing your workspace to accommodate all of this noise, but taking a few shortcuts could make a real difference. Furniture placement, partitions between workstations and workarounds to give employees in close quarters areas to have private conversations can be useful. Also, sound bounces off hard surfaces, so installing softer materials such as acoustic panelling on walls and ceilings can reduce noise.

- **Colors and Décor.** There is a science that ties emotion and color, and it’s no wonder that many RIA firm’s use the same palette of colors to symbolize stability, trust, knowledge and wealth. The same could be
applied to your space. What colors are the walls? What type of artwork have you selected for hallways and office spaces? Are there plants or other signs of organic life? Is the furniture consistent across the office, in neutral tones and a more traditional style? Perhaps it’s more modern and minimalistic, with pops of color. Paying attention to these details can help you set a very intentional mood.

- **Workstations and work areas.** Do shared workspaces encourage collaboration or conversation, or do they feel boxed in and isolated? Do teams sit near each other or are they spread out across the office? Are offices prevalent or is there an open layout? Are employees offered tools that protect their health such as ergonomic keyboards, chairs and standing desks?

* **Waiting area, conference rooms and hallways.** Your front desk area is another place to communicate both your brand and your cultural values. Everything from how your receptionist greets people to the type of refreshments you offer to keeping jars of firm-branded candy on the counter to setting magazines on a coffee table with advertisements for the firm. At Private Ocean’s home office, for example, our front desk area features a large fish tank as well as plaques from several ocean-life preservation non-profits that we sponsor. The artwork down our hallways includes nature-focused pieces by our talented clients. Our conference rooms are named after bodies of water. Also, we make a point to keep our office doors open throughout the day, and we encourage people to greet others as they walk down the hall. Every one of these elements makes a difference in conveying your brand and your culture.

**Group Activities**

In our experience, there is nothing more advantageous than coming face to face to help break down barriers and form solid relationships. When that’s not possible (see Chap. 8), you can still bring people together without physically being in the same room. Here are some suggestions for group activities to build cultural awareness and improve cross-culture communication. There are so many of these to choose from, but these have been memorable for us in the past, in particular in our first gathering after a merger or acquisition.

* **Ice Breakers**—These can be five-minute activities held at the start of a group meeting that involves one-question, such as, “What did you want to be when you grew up?” and “What was your most memorable childhood vacation?”
• **Listening/Not Listening**—At one offsite retreat, we divided the room into two groups. One group was to listen, the other was to share a personal story about themselves. In one scenario, the listener was instructed not to interrupt the speaker, and at the end, ask questions and then summarize what they heard. In the second part of the exercise, we switched roles. However, the second group of listeners was instructed to interrupt constantly. The takeaway was on how important it is to let people feel heard.

• **Three Takeaways**—This is a fun speed activity, where we pair everyone up on the team and give them each 60 seconds to share three things about them that is unique. When both pairs are done, their partner has to repeat the three things to the team. We have learned lots of fun and quirky things about each other this way, and it really helps break the ice immediately after an M&A event as we find things we have in common and things that are new and interesting that makes us unique.

• **Investigative Reports**—Each person is assigned a secret subject, that is, a fellow employee, to do a mini report. The questions they try to answer might include, “What has this person achieved in the last year that has helped the firm grow?” “What challenges did they overcome to get there?” “What would you say are this person’s greatest strengths?” and because we tie everything to our Guiding Principles, “Which Guiding Principle has this person most exemplified?” The work then comes down to the “reporter” interviewing people who work closely with this person to get answers. The result is that we learn more about someone we may not work with on a daily basis, and our colleagues are given an opportunity to share positive experiences working with their teammates.

• **The Group Project**—These are fun, social opportunities to work together in teams to create something. It may be a holiday-themed (we have grouped people together to create gingerbread houses at Christmas, for instance) or games-based (think trivia teams) community-focused (volunteer groups) or based on meal-prep (at retreats we have teamed people to create a portion of a meal for the entire company). In any case, it’s an opportunity to create an air of friendly competition while also grouping people who may not normally work together.

**Internal Communications**

As people settle in to their roles and your business finds its new groove, a key part of continuing your momentum is through various forms of internal communications (and not just from leaders or in meetings). While leaders should certainly drive this initiative, it’s also encouraging to hear from other voices in
the firm based on their role. For instance, helpful technology tips are better
served coming from the IT director versus the CEO.
Examples of internal communications include:

**Internal Newsletters and Updates**

Perhaps most accessible and easy to create is the timely internal newsletter or
other digital communication that keeps employees in the loop on news about
the firm. You might decide to send these weekly, monthly or quarterly, based
on bandwidth and information. A few tips to consider when planning these
communications:

- **Make it valuable.** Share messages that are relevant and that people
  find useful.
- **Make it timely.** What you share should apply to what matters to employ-
  ees today or in the shorter term, not next year.
- **Make it concise.** No one has time to read a thesis on upcoming training.
  Use bullet points, share high-level details, and refer people to another
  source if they desire more information.
- **Make it personal.** Internal communications are far more enjoyable to read
  when it applies personally to the employee or features their coworkers on a
  personal level.
- **Make it considerate.** Don’t send internal newsletters on Monday at 8 AM
  before a very busy week, or at 8 PM on a Friday. Consider afternoon, after
  2-3 PM, on Wednesday or Thursday, when people are more likely to have a
  little downtime but are still plugged in and in front of their computer.

**A Firm Intranet or HR Program**

Gaining popularity are programs that centralize communications and give
the team more exposure of what’s going on in the firm. Online HR pro-
grams store data about payroll, benefits and company policies, but they can
also be used to post message and keep track of firm goals and performance.
Intranets and firm “Wikis” are highly customizable cloud-based tools that
can be set as the default browser homepage on employee’s desktops in the
office. These applications can share information about firm-wide opera-
tional updates, reminders on employee to-dos, give status and progress on
firm and department projects, and offer an opportunity for employees to
collaborate.
Bulletin Boards and Other Visuals

Shared spaces like break rooms and lunch rooms are opportunities to establish cultural values and communicate with your team. You may decide to put up a bulletin board in a lunch room because it gets lots of foot traffic, and post anything from upcoming flyers for company events to fun charitable challenges to discounted movie tickets and other perks. You can also encourage employees to use the board to share their own messages or photos. Maybe an advisor’s teen is giving piano lessons or offering babysitting services. Maybe someone has season tickets to the Golden State Warriors games with a couple of dates up for grabs.

Social Media

While social media platforms such as Twitter, LinkedIn, Facebook, Instagram and others may primarily target clients, prospects or the public, they are in many cases widely used and shared by your employees. Each platform serves a different purpose and should not be composed of canned content that is copied and pasted across channels. What social media does for employees is legitimize the business, reaffirm your cultural values and give people an easy opportunity to share posts with their networks. For example:

- **Twitter**—is where you post links to blogs, media, announcements and news about the firm. These are typically brief and include a link and an image.
- **LinkedIn**—is also for sharing content including blogs, webinars, podcasts and other content including press coverage but is also used widely for job recruitment and network building.
- **Facebook**—is for Super fans. Here you can be more personal, share images from a recent off-site retreat or congratulate a coworker on a recent addition to the family. (Note—some firms create a private group for employees only. We have seen great benefit in appearing more relatable and personable to the public as it aligns with our brand.)
- **Instagram**—Facebook’s hip cousin, focused mostly on sharing images. Instagram is an excellent way to promote the firm’s culture. Photos from bowling night, happy hours and other fun activities can be interspersed with upcoming webinar promotions or announcements about the firm.
Greg’s Final Word

Management consultant and writer, Peter Drucker, famously said that “culture eats strategy for breakfast,” and I tend to agree with him. The idea is that no matter how much you plan for the success that you want and how many processes you put into place to get there, without an engaged and motivated workforce behind you, you’ll find yourself struggling to get anywhere.

There is always a driving reason for why firms entertain a merger or an acquisition. It may be as simple as a principal is retiring and wants to provide a consistent experience and level of care for her clients. It may be that one firm wants to grow rapidly and sees opportunity for that growth by merging with other like-minded firms. I’ve always been sensitive to the situation at hand and understood that depending on the reason, there’s a great deal of patience involved on both sides to assess how people feel, what’s gotten them to where they are today, and what they expect for the future. Throughout the process, there is a balance of being consistent, firm and driven toward integrating while also acknowledging and being sensitive to people’s experiences. For example, there is a time to gather input and be collaborative, but there’s also a time to make executive decisions. Knowing when to do both can be daunting, but it should always come down to vision. Keep your vision on the front burner and use your judgment and your understanding of your people to take steps with caution, care and purpose.

Once the deal is done, there is so much work ahead of you to keep people moving forward together. You are no longer the firm you were before, so no one should say “Well this is how we have always done things.” One of the lessons I learned in these deals was that instead of saying, “This is Private Ocean’s way, so let’s do it this way,” I think again about our vision and where we want to go, and accept that positive change means there may be a new way of doing things.

Another key lesson I have personally learned is the power of people to help continue the work of cultivating your work environment. Coming together is one thing, staying together is quite another. Part of that comes down to the natural evolution of your workforce over time. Outside forces may certainly influence how your firm’s culture shape shifts over the years, but much of the change is due to your people. Having a strong network of leaders and champions in place will help move things in the right direction so changes feel organic and enhancing in nature.

Understanding what should and will change versus what should never change will give you guidance to know when you should hold fast to your
beliefs and when you should be open to something new. It’s like integrity and ethics, and how one never changes—integrity—while the other, ethics, has evolved over time and in response to social awareness and the changing needs of our society.

The same concept can be applied to the changing needs for your growing business versus your foundational values. While some aspects of business and business culture require a pivot or a need to adapt, what should never change—ever—are your core values.

Case Study: Cultivating a Team Environment—One Region at a Time

The Deal(s)

Since its inception in 1997, Wealth Enhancement Group has completed a total of 17 M&A deals, to date all acquisitions that absorbed the acquired firm under the Wealth Enhancement Group brand. Anchored in the Midwest, the firm has added locations rapidly in clustered regions in the Tri-State area of New York, New Jersey and Connecticut, and down the East Coast through Pennsylvania, Virginia, Georgia and Florida. The firm also has a location in Houston, Texas. The most recent deal, as of this writing, was the acquisition of Atlanta-based RIA, JOYN Advisors, Inc. with approximately $1.3 billion in client assets in February 2020.

Profile

| Wealth Enhancement Group |
|-------------------------|
| • Founded in 1997       |
| • 17 total M&A deals    |
| • 32 locations in 13 states in the United States |
| • 440+ employees        |
| • $18.9B in client brokerage and advisory assets as of 06/30/20 |

Background

Wealth Enhancement Group (WEG) is a Greater Minneapolis-based independent wealth management firm offering comprehensive and customized
financial planning and investment management services. Their expertise is focused on six key areas of wealth management (financial planning, retirement income planning, tax strategies, investment management, estate planning and insurance), and they utilize a team approach that they call the Roundtable™. WEG’s CEO since 2003 is Jeff Dekko, who is responsible for overall leadership, growth and development of Wealth Enhancement Group.

With 32 locations in 13 states serving clients across the United States, WEG continues to grow organically and through key strategic acquisitions [3–5]. According to Jeff, every deal begins with finding the right fit. Even when assessing data about a firm (WEG uses RIA Database to research potential firms), WEG looks for points that align with their identity and their future growth goals. For example, they review if the firm is planning based and if the data suggests that the firm is committed to a client relationship that’s based on planning. Also, based on that firm’s structure, they assess the likelihood that the firm has staffed themselves accordingly to deliver on their services.

Jeff notes that when it comes to finding potential partners, whether or not WEG identifies the firm or they are approached by a firm, they are always looking at the deal through the filter of how they deliver on their commitments and whether or not they are team-minded partners. When that doesn’t align, he says, it gives him and his team an initial impression about cultural mesh.

“WEG is known for its team-driven culture,” Jeff says. “We look for firms that demonstrate that they are collaborative and open-minded. It's not just ‘the advisor’s way or the highway.’ Our strategy has always been representative to that commitment to teaming.”

Cultural Integration Strategy

Once WEG enters into a letter of intent and begins their due diligence process, a team specifically tasked with assessing cultural fit and how to best integrate people begins working with the other firm. Part of that process includes educating the firm on WEG’s values and processes as well as achieving clarity on the definition of service. There are four separate integration leads that cover processes, innovation, business development and operations.

“Clients have expectations based on their experiences, and when you acquire a firm, the previous firm’s promises become your promises,” Jeff says.
The integration team serves as a liaison between the acquired firm and WEG’s centralized planning, investments, marketing and operations teams to help ensure best practices from all parties are effectively deployed to uphold a consistent client experience.

**Why Location Matters**

WEG’s expansion strategy, Jeff says, is in creating a significant, recognizable brand in financial planning that is rooted in creating “heft” in key locations around the country. To date, all of the firm’s acquisitions have been rebranded as Wealth Enhancement Group. A key piece of their service model is in centralizing support teams for advisors. This approach, Jeff says, has helped cultivate a strong team environment that also ensures the best resources for advisors across the U.S. Location also plays a role in preserving their team-driven culture.

“At first glance, if you look at our locations, some of these transactions might appear to be spread out all over the place,” Jeff says. “In actuality, you’ll see that two of our acquisitions were Chicago-based firms, for example, because we wanted to create an immediate sense of scale and saturation within that marketplace. It’s hard to be a team if you don’t have people.”

Jeff further explained that they set sights on the East Coast, including the Tri-State area of Connecticut, New York and New Jersey, and completed four deals in that region alone (with a fifth in the works as of this writing) [6]. They then moved down the Coast into Pennsylvania, acquiring several firms before branching into Baltimore and the Washington, D.C. area.

“It was never our thinking that we’d put down flags across the United States just to say that we had an office in one particular city or state,” Jeff says. “We target one particular area at a time to create a sense of locality. In the Upper Midwest, for example or on the East Coast, you’ll notice our offices are tightly grouped—and this is absolutely intentional. This also aligns with our service approach, offering resources that cross-pollinate, such as advanced planning groups or advanced investment groups that might be supporting advisors in Northern New Jersey but located in New York.”

**Fundamentals of Integration**

- Expectation
- Continuity
- Communication
Expectation

Jeff recalled being at an industry conference four or five years ago where he was speaking on M&A topics and was surprised to hear that some advisors discussed acquisitions in transactional terms with the expectation that those firms would begin functioning exactly as the acquiring firm.

“If you think during these deals that people are the nail and you’re the hammer, you’ll be in for some challenging times ahead,” he says. “These are human capital businesses and some sensitivity is necessary to understand that during an M&A event, both firms are going to experience change and growing pains. You do yourself and your new partners a disservice if you don’t take the time to listen to each other. One of the biggest benefits of coming together is to take the best ideas from both sides to create something better for the firm and its clients.”

Looking back at our first acquisitions, there was confusion in both firms on many levels that caused a tremendous amount of stress. What we learned from these experiences is that inevitably, both firms need to accept that change is inevitable. Moving ahead with that mindset, it helps us think about who we hire for the firm we are today, not yesterday. There’s a lot of art to these deals, including ensuring that people feel heard on both sides and really investing in and building these relationships so that over time, you can come together as one team.

Continuity

One of the keys to the firm’s success in quickly integrating cultures is attributed to their ability to institutionalize its processes that are easily understood and repeatable. Its Roundtable system, for instance, begins when an advisor creates a “case” for a new client. The advisor then brings the case to the Roundtable, a team of specialists and advisors, with the purpose of giving clients a “comprehensive review of their overall financial picture.” The Roundtable is part of WEG’s three-step UniFi™ process, which creates a unified financial plan by bringing together all of the component of a client’s financial picture.

Communication

Frequent communication from leadership plays a role in keeping WEG’s culture intact. They hold webinars twice a month and in 2020 started a series that addressed topics including the racial unrest, the COVID-19 pandemic
and the impact of the presidential election. They also hold monthly meetings that explore a leader within the firm to better acquaint employees with departments and locations with whom they might not have regular interaction.

“Like every business, we experienced our own challenges in 2020, and our leadership team made a point to call every employee in the company to check in on their personal situation,” Jeff says. “One of the takeaways for us that came out of this experience was the opportunity to revisit our company values—written in 2008–2009. We have always believed in the strength and the benefits of a collaborative people culture, and this felt like a perfect time to review, revise and recommit to who we are, what we do, and why we do it.”

**Conclusion**

Every step in every deal should be strategic, intentional and serve the firm’s overall goals for growth. Growth while preserving cultural values can be challenging, but WEG has used its Roundtable approach to serving clients, as well as its core values, to help find alignment among incoming firms. Setting realistic expectations for employees and preserving a consistent client experience are at the heart of each deal. According to Jeff, he believes that at its core, successful M&A deals come down to relationships.

“I think the biggest thing to take away from an initial meeting with a potential firm is assessing compatibility,” he says. “Intuition is key, and pretty quickly after you meet people you can envision if you’ll make a good fit. Bottom line, if you don’t get a good feeling, trust it. In our experience, when we ignore these signs, you’ll find the transition to be more challenging than expected. These are the deals that typically take up a lot of time after the deal is done.”

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