



The Financial Advisor HR Toolkit

One of the key value drivers of your professional services business is its human capital. Without employees, your growth and long-term success will be limited. Your business would not be able to provide adequate service to a growing client base, develop a body of knowledge, and generate efficiencies and processes beyond your personal capacity. However, hiring, motivating, and retaining employees can be challenging and result in greater complexities and costs (both tangible and intangible). The following tools will help you navigate these challenges and create an environment in which your employees, as well as your business, can thrive.

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Employment Agreements

Formal [Employment Agreements](#) with every staff member will ensure that each party clearly understands their rights and responsibilities as a result of the employment relationship. The agreements will also ensure that all essential items of the employment relationship are captured in writing so misunderstandings can be avoided or resolved prior to commencing the relationship and give everyone something to go back to in the event of a conflict or someone misremembering what was originally agreed to.

A written agreement should include the following elements to ensure that the employee has a good understanding of the general expectations of their job role, that important protections are in place, and that each party's rights and responsibilities are clearly outlined:

- › A general description of the job role
- › The nature of the relationship – W2 vs. 1099
- › Work hour and workplace requirements
- › Compensation and benefits
- › Expense reimbursement requirements
- › Ownership in certain client relationships (i.e., book of business or goodwill), if applicable, and terms that describe what happens in case of the employee's death/disability
- › Non-solicitation, no-serve, and confidentiality clauses
- › Authority to determine how services are provided and how pricing is established
- › Limitations on engaging in outside business activities
- › Dispute resolution and damages provisions

While this isn't an exhaustive list, these are the primary subjects to ensure you address with everyone on your team, from the front desk person to your top producer. Each agreement may be slightly different, adapting to each set of circumstances, but the goal should be to establish a core set of documents and procedures to ensure consistency for your firm and ease of ongoing management.

Your company policies are also important to document but given that they are subject to change from time-to-time, they are not typically covered in an employment agreement and, instead, addressed in your [Employee Handbook](#) (addressed later).

The team at SRG will leverage our consultant's expertise and our extensive library of industry-specific form employment or contractor agreements to help you create templates of your own, tailored to your unique business and needs, so you have the resources you need to support your growing organization.

Compensation

To ensure that your compensation plan meets your employees' needs and promotes the "right" behaviors, it is important that you align their compensation with the goals you establish for their particular job roles. You should also consider the timing of any bonus payments so that they closely follow performance and create the desired incentives. This can be accomplished by integrating the following elements in your compensation plan:

Salary:

- A fixed salary is paid to the employee for his or her administrative, managerial, or leadership role(s) and may be subject to adjustment based on merit, industry changes, or cost-of-living changes.
- An adjustable salary is paid to the employee for his or her client service role. The salary amount depends on the amount of assets or number of clients serviced by the employee and is determined based on pre-established tiers, each associated with escalating salary amounts. The salary is subject to change every year if the amount of assets or number of clients serviced by the employee reaches a different asset tier.

Bonus Compensation – Short -Term Performance Incentives:

- Individual performance bonuses are tailored to specific performance goals and are paid shortly after the goals have been achieved. Examples include bonuses for new revenue, assets, clients, or financial plans brought to the firm, for positive net flows of assets, and for the achievement of professional designations.
- Company performance bonuses incentivize employees to focus on the company's overall success (rather than their individual success) and are typically paid at the end of the year once the company's performance has been determined.

Equity Compensation – Long-Term Performance Incentives:

- Equity compensation is provided if results cannot be measured immediately, but an employee's performance has the potential to increase the company's value.
- This type of compensation is typically offered in the form of phantom or real equity plans.
- It is common for equity compensation to be accompanied by vesting criteria, which helps manage the tax impact for the employee while simultaneously acting as "golden handcuffs." When equity compensation is used, it is best to begin conducting annual valuations to ensure the true benefit of the equity is perceived by the employee.

Compensation drives behavior, and in the war for talent, it is critical to ensure you are paying your people enough (relatively speaking) and in the right manner. Our team will work to understand your current team and goals, then help provide a **compensation plan** designed to meet your needs. From basic compensation research and design, to more robust **equity sharing strategies**, our team will help ensure your compensation programs are next level.

Job Role Description

Over time, an employee's duties will change based on company needs and/or employee goals. It is therefore more practical to outline the employee's duties in generalized terms in an Employment Agreement to capture the essence of the job role and to have a more detailed job description on file that can be updated and shared with your employee when changes occur. Effective job role descriptions contain the following elements:

- Description of company mission and culture
- Job title
- Purpose or objective of the position
- Job location
- Whether it is a full-time or part-time position
- Core duties, responsibilities, and day-to-day activities
- List of necessary qualifications and skills, including education, previous job experience, licenses and certifications, technical skills, communication skills, problem-solving skills, etc.
- Description of working conditions (e.g., physical requirements or travel)
- Description of salary and benefits

Whether in the job description or Employment Agreement, the key takeaway is to ensure that you have the expectations for employees well documented and communicated. The team at Succession Resource Group has worked with hundreds of advisors through our **Employment Resources** program to document and refine the job descriptions for firms and ensure that they are comprehensive and align with the overall organizational structure.

Career Path

Regardless of how small or large your business is, creating a career path for your employees is an excellent tool to help establish employee goals and to communicate expectations.

A career path outlines the hierarchy of different job role levels and allows high-performing employees to envision their professional growth in your company and understand the job role requirements to reach the next job role level, as well as knowing the various “pay bands” one can expect. For example, a career path will help your employees track the progression of skills, experience, and education required to move from a junior/support advisor to a service advisor and, eventually, to a lead advisor position, or even become a partner in the firm someday.

To set up a useful career path, it is helpful to complete the following steps:

1. Create (or update) your organizational chart to gain a good understanding of the hierarchy of any existing and/or needed job role levels.
2. Develop detailed job role descriptions, including a list of the responsibilities, skills, and qualifications required of each position (see page 4).
3. Summarize the details of each job role description to create a short list of the most important job requirements to capture the essential differences between each level, including:
 - Years of experience
 - Education
 - Responsibilities
 - Required knowledge and skills
 - Types of compensation, e.g., base salary, bonuses for individual and/or company performance, profit sharing, phantom, or actual equity

While career tracks are unique to each firm, Succession Resource Group’s team of experts will help understand what you have now and work to create a comprehensive career path that you can begin incorporating.

Employee Handbook

An Employee Handbook is a detailed description of a company's mission, values, policies, procedures, and benefits. It promotes the uniform application of the company's policies and procedures and therefore helps protect the employer from discrimination or unfair treatment claims.

In comparison to a contract, which requires a signed agreement between two parties, an Employee Handbook only requires a written acknowledgement by the employee that he or she received the handbook. Since a mutual agreement is not needed, it is easier to update the handbook and change certain policies.

New employees should receive a copy of the handbook and sign an acknowledgement of receipt as part of the hiring process. Existing employees should receive a copy of the handbook and sign an acknowledgement of receipt if the handbook has been revised/updated. It is also a great idea to share an electronic copy of the handbook via the company intranet to give employees access as needed.

An Employee Handbook needs to be tailored to the laws of the state where you operate your business and should therefore be reviewed by legal counsel. It should also be reviewed periodically and updated if necessary to make sure it complies with your state's employment laws and accurately reflects the policies and procedures you are practicing.

Summary

A comprehensive HR toolkit is an essential component of an organization's strategic plan. It will ensure that the company has access to the skills, education, and experience needed to operate a successful business, and it will promote employee satisfaction and long tenures and, therefore, reduce employment costs and increase company performance.

When creating HR tools, it is important that they are tailored to the company's specific vision and mission to ensure that the desired goals can be achieved. Standard tools are readily available online but only offer one-size-fits-all solutions and, typically, do not achieve the intended results. To make sure your HR toolkit is in line with your vision and meets your particular business needs, contact Succession Resource Group to discuss how our team can help.

About Succession Resource Group

Succession Resource Group, Inc. (SRG) is an award-winning succession consulting firm with decades of combined industry experience. SRG possesses a unique combination of skills, resources, and expertise to provide turnkey solutions helping advisors understand the value of their business, develop strategies to improve that value, protect the value with proper agreements and plans, grow through M&A, and create/execute their exit strategy. To learn more, visit www.successionresource.com.