



# Female Financial Advisor Study Summary

Data Insights  
May, 2021

## Introduction

The purpose of the study was to better understand how we increase the number of successful female financial advisors in the industry.

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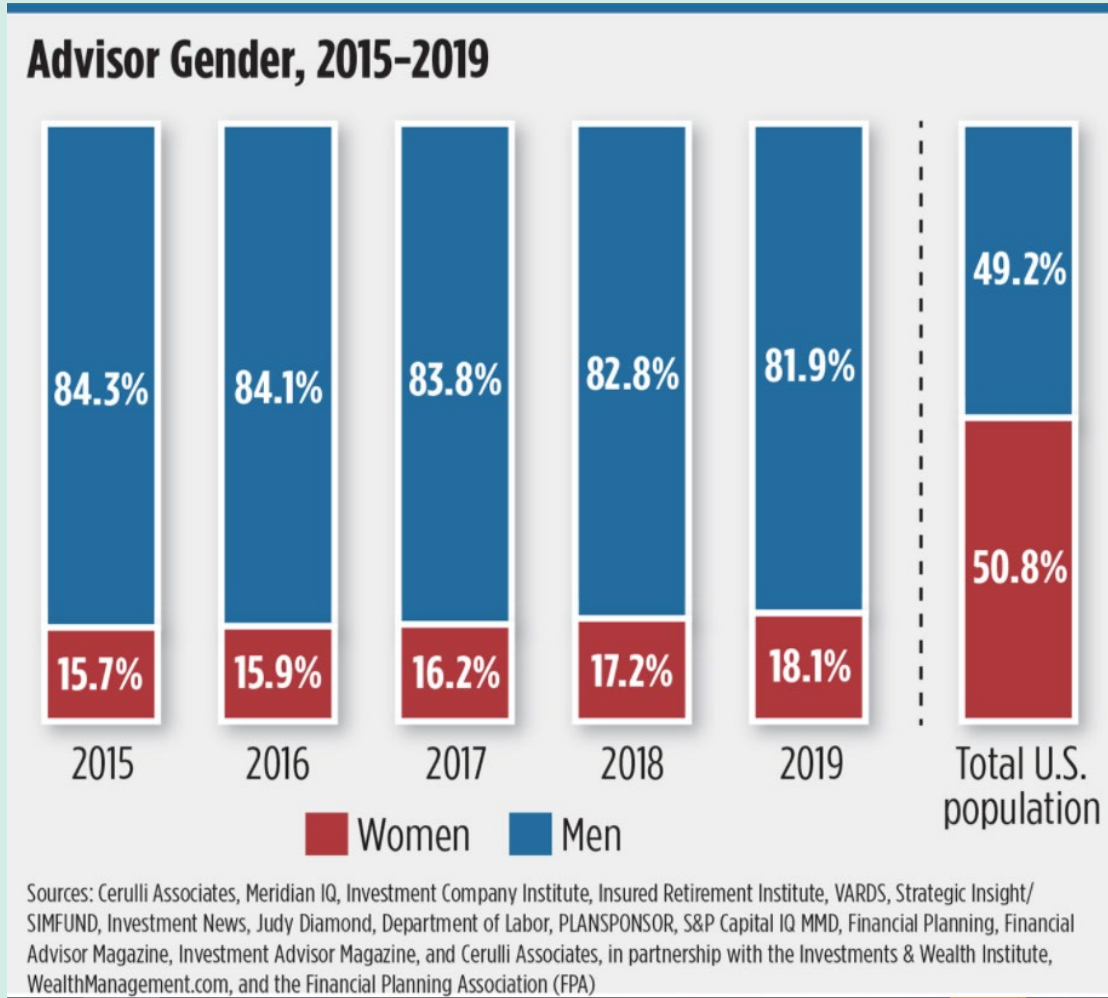
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# The Opportunity



With an unprecedented amount of assets shifting into the hands of US women, McKinsey & Co projects a **\$30 trillion opportunity with women consumers by the end of the decade.**

Yet in 2019, only 18.1% of advisors in the US were women.

# Methodology



59 female financial advisors completed a 30-question survey based on their experience in the industry. The survey covered:

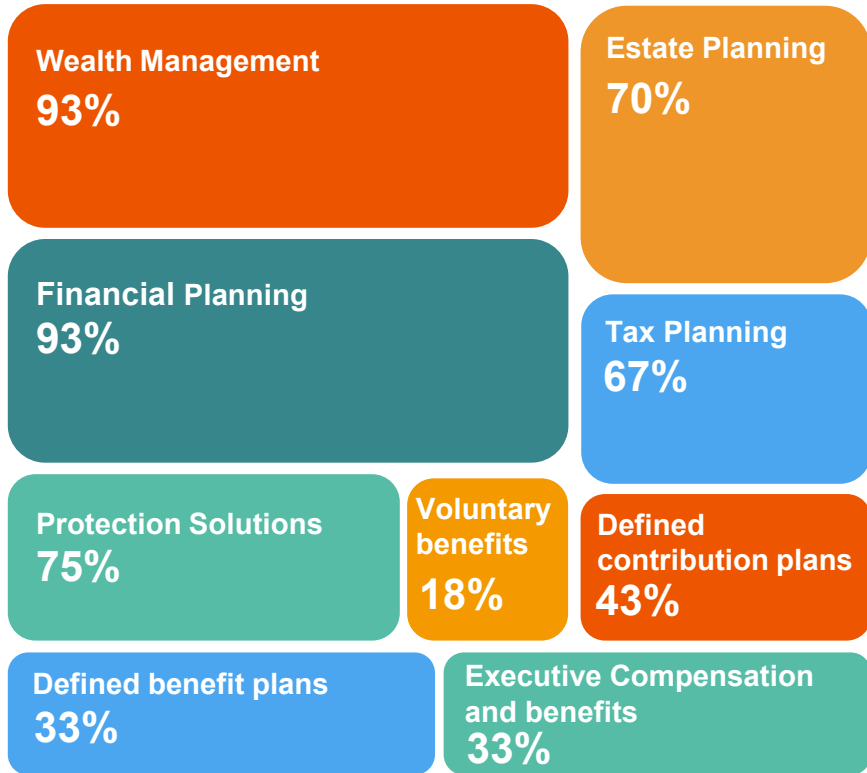
- How they started out in the industry
- What has made them successful over time
- Key challenges they and other women have faced
- Opportunities for improvement



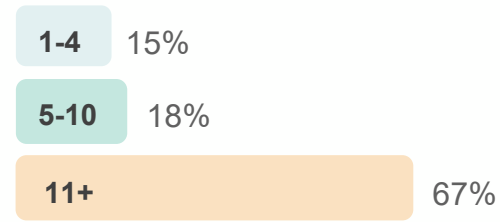
43 of the 59 female financial advisors then participated in 90-minute small group sessions where we dove into key solution areas across the Advisor Lifecycle including, but not limited to:

- Recruiting
- Training & Development
- Mentoring, Teaming, and Coaching
- Compensation & Benefit Models
- Work Life Balance & Culture

# Participant Demographics



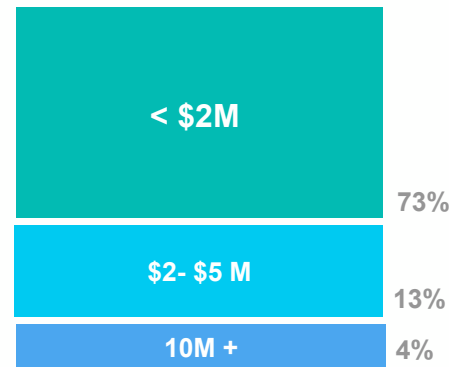
Types of Products Sold



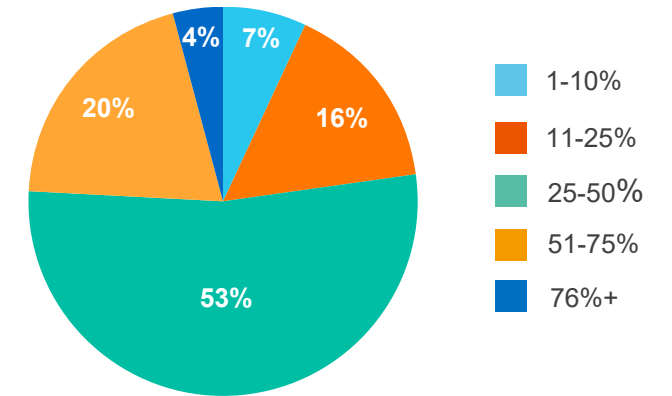
Years of Experience



Average Number of Clients Serviced in 2020



Average Client Annual Household Investible (HHI) Assets\*



Percentage of Female Clients

\*No study participants had clients with HHI between \$5-\$10M

# Executive Summary

According to Cerulli Associates, **only 18.1% of financial advisors in the US were women in 2019**, compared to 50.8% of the population. And, with an unprecedented amount of assets shifting into the hands of US women over the next three to five years, McKinsey & Co projects a **\$30 trillion opportunity with women consumers by the end of the decade**.

This study looks at the challenges and opportunities as we try to answer the question – **“How do we increase the number of successful female financial advisors across the industry?”**. We examine the **entire lifecycle of a financial advisor** knowing that in order to make a reasonable impact we must look at solutions that go across the ecosystem.

## Key themes that emerged across both the quantitative and qualitative portions of the study include:

- Highlighting the opportunity to **focus on helping people as the primary value proposition** for joining the industry in partnership with targeted universities and associations to source talent
- **Enhancing onboarding and training programs** to focus more on relationship building, financial planning and operational excellence
- The importance of **teaming** as a way to build community, develop skillsets, improve the client experience and fill in when temporary leave is needed
- The desire for more intentional **mentorship programs** and the need to increase the number of female leaders to mentor other women



- The importance of strong client relationships with **client referrals** as the primary source of growth across the study participants
- The challenges of **succession planning** due to the limited number of women in the industry and the lack of guidance and support available to advisors
- The preference for **compensation models** that provide some level of financial security, especially early on, coupled with **affiliation models** that allow advisors to put the client first and avoid conflict of interest scenarios
- The need for a **more inclusive culture** where women have the same opportunities as their male counterparts and feel confident in their abilities to provide meaningful value

Based on this research, we have formulated ideas to move this work forward through deeper research, collaborative design and/or experimentation.

- A female financial **advisor “residency” model**
- Building a **more inclusive culture** focused on teaming, mentoring, succession and leadership
- A female advisor **cohort development program**
- **Financial wellness** program with a lean towards women
- Targeted female **recruiting program**

# Survey Findings



## Survey Findings

# Women in Financial Services

Helping people was the most popular reason for joining the industry and remains the primary reason why study participants stay

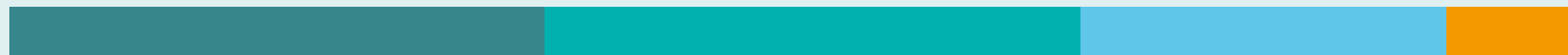
What attracted you most to the industry:



What motivates you to stay in the industry:



Question: How valued are female advisors within your practice?



Extremely Valued

Very Valued

Somewhat Valued

Not so Valued

Not at all Valued

## Survey Findings

# Proudest Memories

“Helping families during difficult times”

“Landing a **new client after** returning from **maternity leave**”

“The trust and responsibility of working with a **3 generations family**”

“Being invited into **leadership roles**”

“The **first sale** I made on my own”

“**First promotion**/level awards/incentive trips”

“Helping **widowed or divorced women** develop a sense of **confidence**”

“Starting at the **reception desk** and working my way to **buying the firm**”

“The moment I realized that I get to **help people for a living**”



Question: What are 2-3 of your proudest memories from your early years as an advisor?

## Survey Findings

# Female Advisor challenges

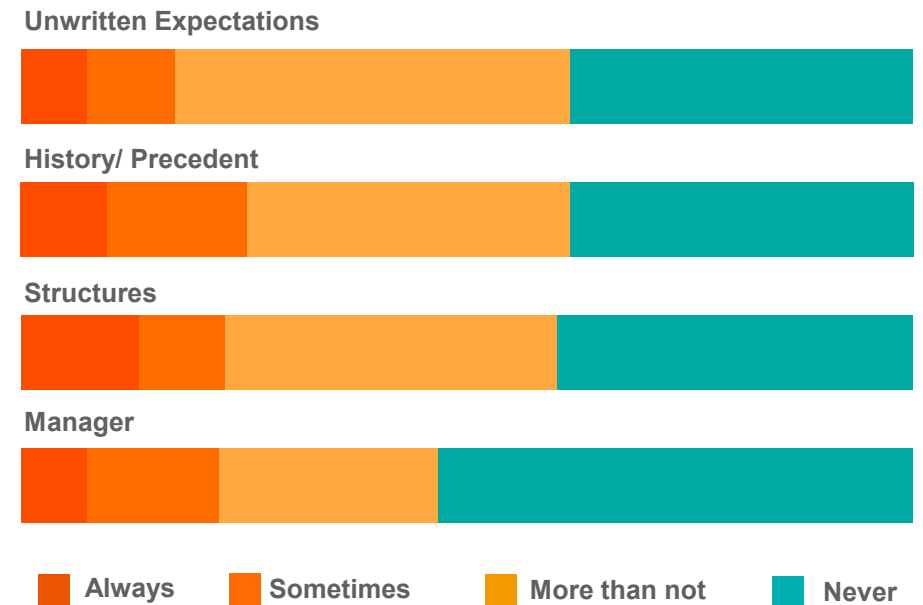
### Greatest Challenges at Beginning of Career:



### Greatest Challenges Today:



### Question: What prevents you from being yourself at work?



Questions:

- What were the 3 biggest hurdles you faced when you began your career as a financial advisor?
- What are the 3 biggest hurdles you face now as a financial advisor?

## Survey Findings

# Where You've Seen Women Struggle

“When advisors **start a family** and need more flexibility”

“**Clients expect** to see a white seasoned male – it can be challenging to **overcome that perception**, especially if you are a **young woman.**”

“**Closing the business** resulting in a paycheck”

“**Sales goals** – perhaps a necessary evil, but not in line with women’s values”

“**Lack of confidence**”

“**Work life balance**”

“**Training geared towards men** – women have different types of selling”

“**Commission-based, cash flow and managing a business**”

“**Not teaming** with other advisors”

“Openly discouraged not to become an advisor and **stay in admin roles**”

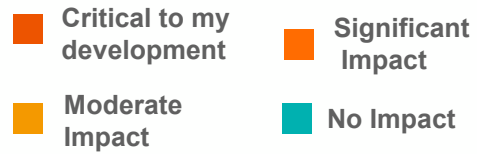


Question: Where have you seen other female advisors struggle in their careers?

## Survey Findings

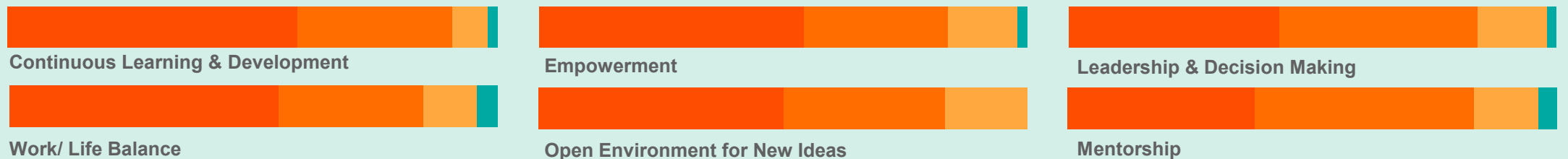
# Enablers to Success

### Top rated methods of professional development



Question: What programs have you taken advantage of that have helped your personal development and growth as an advisor and to what degree?

### Top elements of culture that enable success



Question: What are the most important elements of culture at your practice that enable success for you and female advisors like you?



## Survey Findings

# Sales Effectiveness

### Most effective sales practices

Client referrals



Team based selling



Networking



Building a partner ecosystem (accountants, lawyers, etc.)



Continuous learning & development



### Least effective sales practices

Digital marketing/social



Financial education seminars



Sales training



Lead programs



Traditional marketing



A cornerstone of My Practice

Significant Impact

Moderate Impact

No Impact

Negative Impact



Question: What sales approaches have you taken advantage of that have helped you grow your business and to what degree?

## Survey Findings

# Ways to Improve the Industry

“More **mentoring and mentorship** opportunities”

“**Different compensation models** that makes it easier to attract women who may be looking for some level of security”

“Promoting women to **leadership positions**”

“**Defined growth plans** that account for family income needs through the development phase”

“**Publicity and education about the industry** and how attractive it is for women”

“Structures that support **work/life balance**”

“**Female events** really help bring women together to discuss their struggles and successes”

“Providing the **tools/education** to be successful advisors versus selling/competition”

“Access to **more coaching**”



Question: What more could be done to improve the industry for female advisors?

## Key Themes

- Recruiting
- Training & Development
- Teaming
- Mentoring & Coaching
- Business & Client Growth
- Succession Planning
- Compensation & Attribution Models
- Culture & Work Life Balance



# Financial Advisor Lifecycle

The key research themes are aligned around the advisor lifecycle and where women see the most opportunity

Awareness, Perception, Recruiting & Hiring	Onboarding, Relationship Building & Foundational Skills	Growing Your Clients & Business	Becoming a Leader in your Firm	Practice/Client Transition or Exit Industry
<ul style="list-style-type: none"><li>• Build awareness of career as a path for women</li><li>• Establish the value proposition for college grads &amp; career changers</li><li>• Partner with higher ed. and/or other industries to build programs for female advisors</li><li>• Select the right model and firm for you &amp; take the job</li></ul>	<ul style="list-style-type: none"><li>• Obtain necessary credentials</li><li>• Identify client value proposition &amp; target markets</li><li>• Build relationships within team/org</li><li>• Build professional network</li><li>• Identify mentors &amp; sponsors</li><li>• Optimize practice through tools and resources</li></ul>	<ul style="list-style-type: none"><li>• Establish and deepen your target market</li><li>• Obtain additional certifications</li><li>• Increase your external network</li><li>• Invest more in your practice</li><li>• Commit to philanthropic work</li><li>• Codify thought leadership</li><li>• Begin succession planning</li></ul>	<ul style="list-style-type: none"><li>• Pivot toward personal aspirations and goals<ul style="list-style-type: none"><li>○ Independence</li><li>○ Branding</li><li>○ New Firm</li><li>○ Partner</li></ul></li><li>• Become a mentor</li><li>• Deepen engagement with mentors/coach</li><li>• Move into senior leadership role</li><li>• Invest in your team's development</li><li>• Participate in outside business opportunities</li></ul>	<ul style="list-style-type: none"><li>• Assess the value/equity of your practice and relationships</li><li>• Build a transition plan with your clients and advisors that they will be working with</li><li>• Understand what your retirement looks like</li><li>• Mentor other women and advisors</li><li>• Make the transition</li></ul>

**Compensation & Benefits, Culture & Inclusion, Work Life Balance**



# Recruiting

- The top reason for women participants joining the industry was **to help people with their finances** (62% of respondents)
- There is a **perception and a reality** that **financial services is male dominated** and that it is heavy on numbers and math
- Females wished they had been **better informed** of the different structures/affiliations (RIAs, Independent Broker Dealers, Wirehouses, etc.) with hiring entities **during the recruiting process**
- There was a lot of **excitement around female advisor recruiting strategies** but that was balanced by a challenge that this is difficult to pursue due to **time and scale constraints** at the advisory firm level
- Participants noted that there is a **lack of awareness around the financial advisor career** within educational institutions compared to other financial services roles like investment banking

***Close to half (49%) of female advisors believe that a lack of familiarity with the financial advisor profession is a major factor hindering women from joining the industry.***

*Source: Cerulli (2017)*

# Training & Development

In order to increase the number of successful female advisors, training was identified as a need for multiple stakeholders:

### Early Career Female Advisors

**Why:** Advisor training is designed for men and often overlooks the needs and skills of women. There is too much training emphasis on selling and product.

**Key gaps identified:** Relationship building, holistic financial planning, client behavioral needs assessment, confidence, operational excellence, and more...

### Managers

**Why:** Managers can facilitate the success of female advisors with the appropriate training

**Key gaps identified:** Confidence coaching, high performing teams, behavioral assessments and 1:1 coaching

### Mentors

**Why:** Mentoring can be a powerful tool in developing and retaining women

**Key gaps identified:** The role of a mentor, feedback and coaching and empathy

### Leaders

**Why:** Leaders are primarily responsible for defining the culture of an organization and are critical in building a diverse, equitable and inclusive culture

**Key gaps identified:** Diversity, Equity and Inclusion audit and training for leaders

# Teaming

- Women who are in teams find it extremely **important to their growth and overall success**
  - Supports them when they need a temporary leave
  - Provides opportunity for personal development
  - Allows them to scale their practice and spread expenses
  - Builds an effective succession plan
  - Provides a better client experience
- The participants discussed different team structures and the benefits they provide
- Teaming can be **challenging to implement with the default organizational** chart, as it shows each advisor as an individual producer. Creativity may be required to structure new roles and responsibilities that enhance the client experience and add value to the bottom line.

### Horizontal teaming:

The group has different specialties and skillsets that complement one another. This allows for scale and improves client experience by providing access to a wider array of specialists and a broader service support model

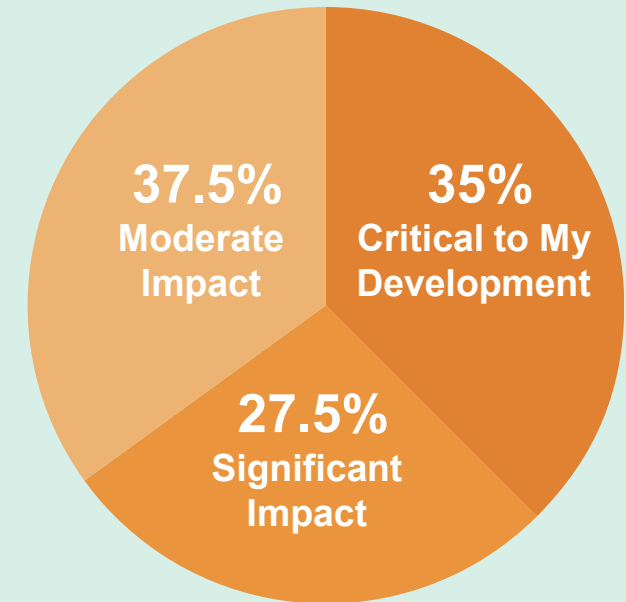
### Vertical teaming:

Multi-generational advisors working together. This provides multi-generational support for clients and allows for successful succession

# Mentoring & Coaching

- **Mentoring** was cited as the most helpful tactic in developing female advisors with **over 55% of participants saying it was critical or had a significant impact on their development**
- With so few female advisors in leadership roles compared to their male counterparts, **token female leaders are often stretched too thin to mentor.**\* If female mentors are critical to development of women, then we will need more female leaders/role models to fill this gap.
- **Study participants who have hired a coach have seen it as a benefit to their overall success**

\* Yoder, Adams, Grove, and Priest (1985) find that senior women who are tokens in their organization are too stressed to serve as mentors to junior women. The remedies for tokenism (Yoder, 2001) must include reaching specific percentages of women in a work force (35% or more) and very specific training and recognition of women leaders by their organization.

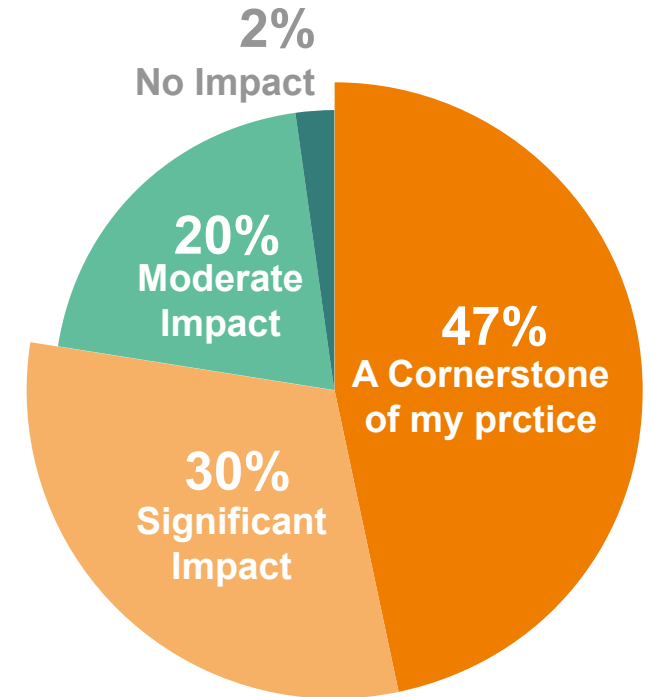


## Impact of Coaching on Personal Development

Question: What sales approaches have you taken advantage of that have helped you grow your business and to what degree?

# Business and client growth

- **Client referrals** was the **most effective sales approach for women**
- Female advisors saw their **natural ability to educate** as a positive in building a client base – some cited financial workshops and seminars as a successful way of building new relationships
- A **clear value proposition** coupled with a **solid, repeatable sales and planning process** was also cited as critical to growing their client base. There was a feeling that helping clients achieve tangible goals versus making transactions made clients more likely to recommend them.
- Things that **didn't work** for participants in the early stages of their careers included “**call nights**”, **not being able to choose clients** and **pushy sales tactics**



## Impact of Client Referrals on Growing Business

Question: What programs have you taken advantage of that have helped your personal development and growth as an advisor and to what degree?

# Succession Planning

- Succession planning is a **challenge for women**, especially those that want to transition their business to another woman
  - Hard to find a female successor due to the **lack of women**
  - Women find it difficult to **balance recruiting and training a successor** with everything else on their plate
  - Some fear exists around developing a successor and then **not being able to retain them**
- Female advisor succession is critical not only for growth but for **maintaining status quo**. Without another female to take over the business, female advisor numbers go down.
- Different **affiliation models make succession more complex** and women are looking for clarity on what they actually own/don't own

***According to a 2018 Financial Planning Association report, only 11% of advisors have clear retirement plans in place for themselves.***

## Key Themes

# Compensation & Affiliation Models

- More **diverse and transparent compensation models** are needed to meet women where they are within their lives and careers
  - Study participants believe that a fully variable compensation model drives women away from the industry
  - A fully variable compensation model often relies on soliciting friends and family. This practice is a disadvantage for anyone coming from a lower income background and can incentivize less than ethical behaviors that contradict the values of many women
- **Women are challenged by** compensation models that place a high **emphasis on sales over service**
- Female advisors don't want to feel conflicted about **selling products to hit certain thresholds** or receive benefits, they want to be a good fiduciary and **do what's right for their clients**

***“I want the client need and plan to dictate the solution, not a product that I’m being incented to sell.”***

*-Survey respondent*



## Key Themes

# Compensation & Affiliation Models

A hybrid model was most attractive because it provided some level of security and was supported with a team-based approach.

### Fully Variable

#### *PROS*

- Greatest upside potential
- Aligns with entrepreneurial mindset

#### *CONS*

- Little security
- Challenging for those with limited relationships
- Can create less than ethical sales practices

### Hybrid (salary + variable)

#### *PROS*

- Stability with potential upside
- Higher commitment to advisor success due to investment

#### *CONS*

- Carrying the cost of the salary during development years

### Fixed Salary

#### *PROS*

- Security of a full salary & benefits
- More traditional employee development path

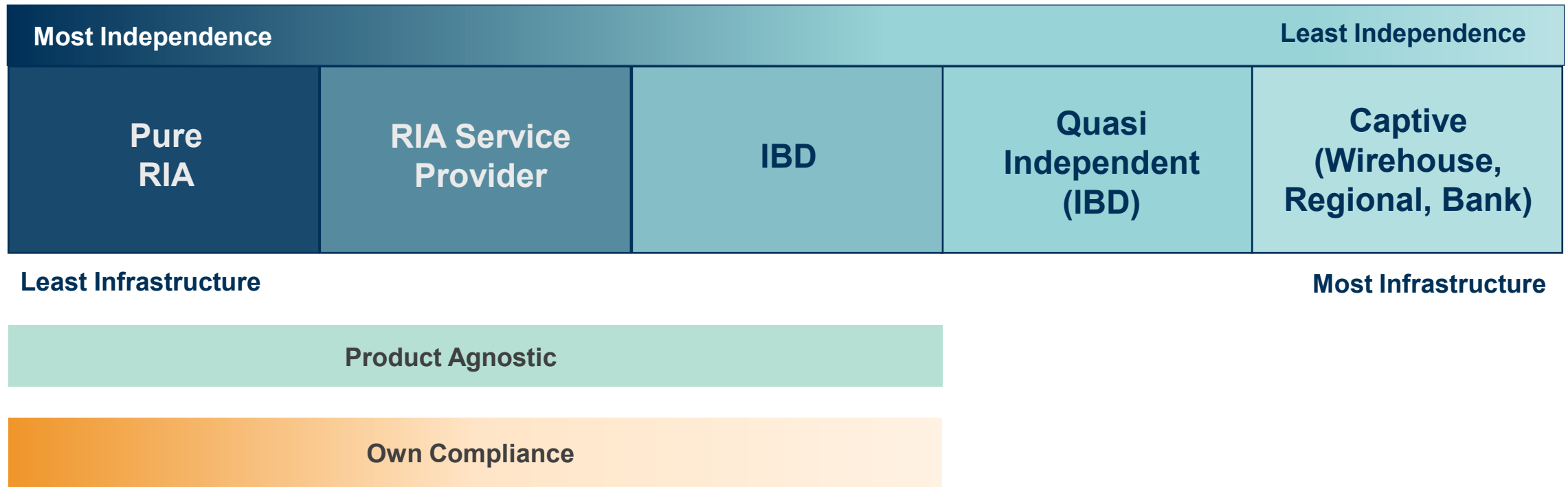
#### *CONS*

- Missing out on upside for high performers
- Potential loss of entrepreneurial spirit

## Key Themes

# Compensation & Affiliation Models

Study participants prefer affiliation models that allow them to put client needs first, but are looking for more education on the tradeoffs

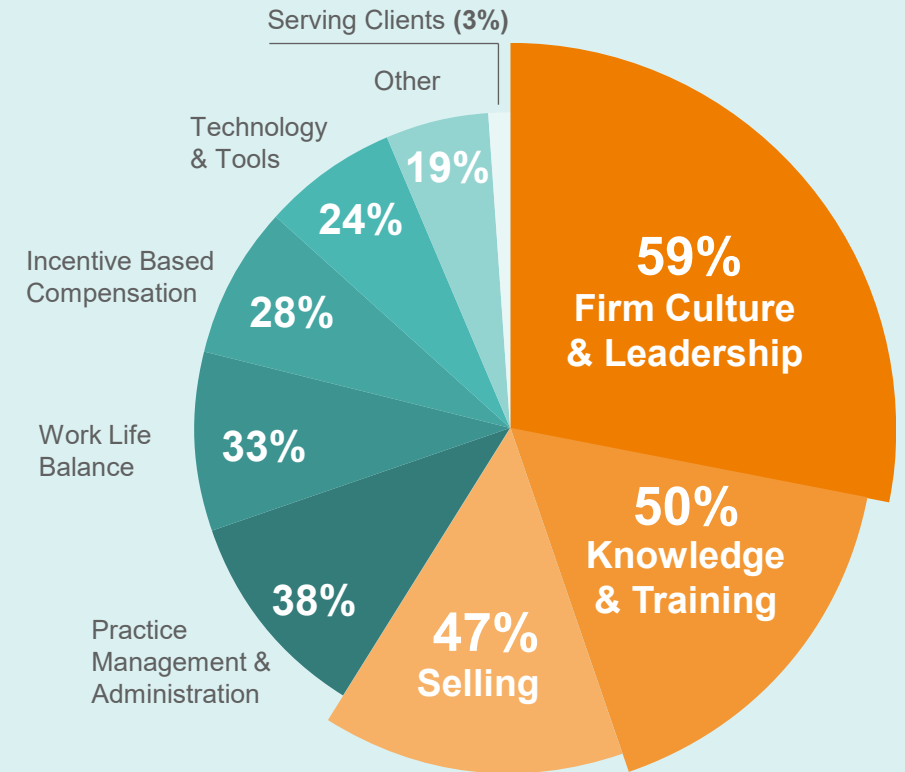


## Key Themes

# Industry Culture & Work Life Balance

### Hard Truths

- Women continue to **struggle with the male-dominated culture** that exists across the financial advisor industry
- Balancing the demands of being an entrepreneur with the needs of supporting a family/household creates tension for women. Many commented that **making tradeoffs between family and work** led to **the perception that they were less committed or engaged** than their male counterparts.
- The **most common challenge** cited as to why women struggle in the industry was **a lack of confidence early in career**. Over time, participants said they were able to gain more confidence through **experience, teamwork and mentorship**.
- **Lack of females in leadership** roles was often discussed as a **root cause** to some of the **cultural issues** experienced by women. With so few women in leadership roles at advisory firms, it is not surprising that culture has been slow to evolve and be inclusive of women.



### Top Hurdles When Joining the Industry

Question: *What were 3 biggest hurdles you faced when you began your career as a financial advisor?*

Hi

Thank  
You