

ADVISOR SOLUTIONS

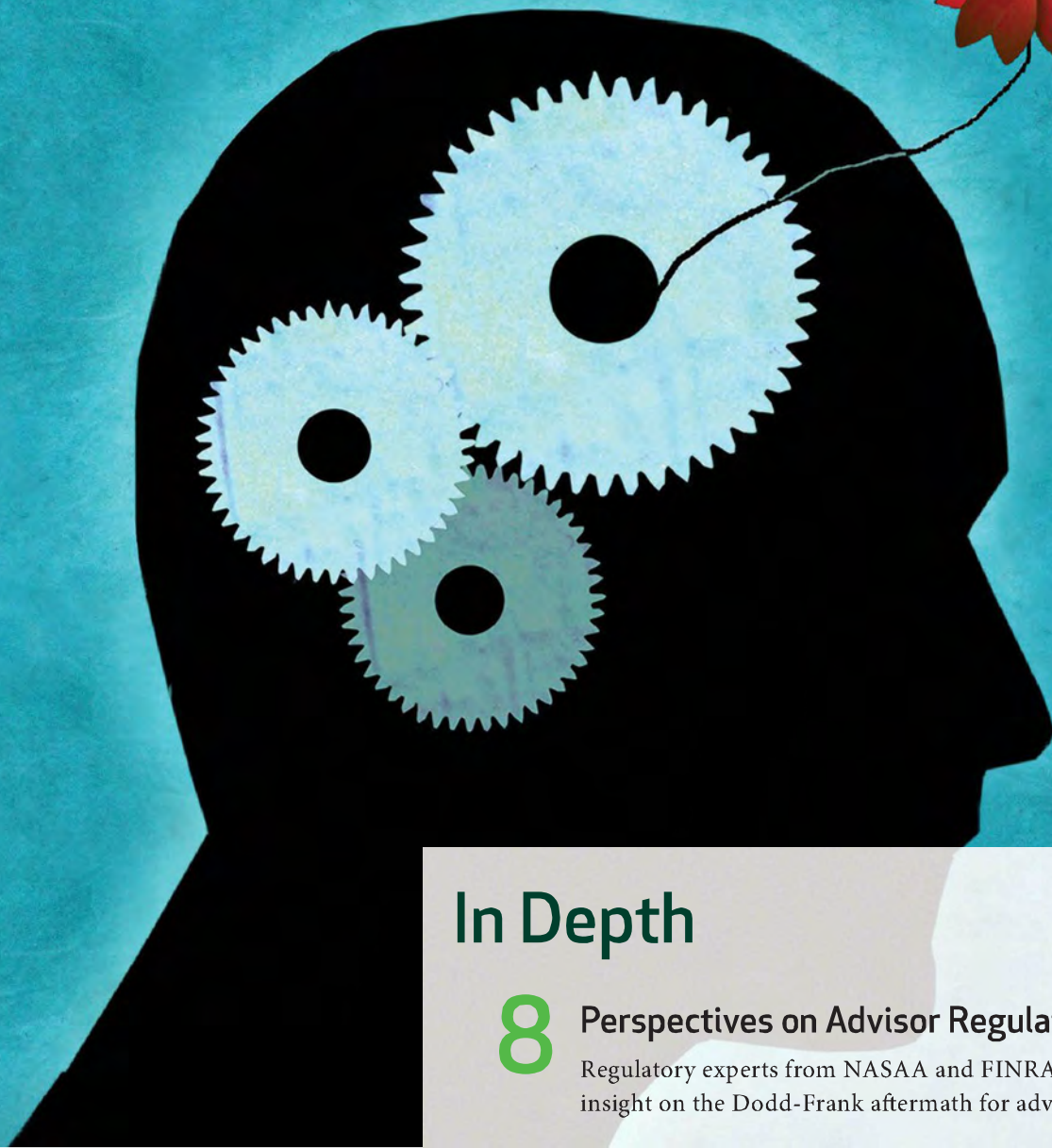
VOLUME 3 | ISSUE 3 | Q3 2011

REDEFINING THE OFFICE

Scott A. Leonard and
Christopher P. Van Slyke of
TROVENA

**REGULATION:
WHAT'S NEXT?**

**ENGAGE YOUR
CLIENTS TO
BUILD YOUR
BUSINESS**



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The Mobile CEO



A passion for success and leveraging technology to build repeatable scalable processes is the secret to Trovena's success.

By Richard Stolz

*Photographs by
Andrés Hernández*

Most people associate their work with a fixed spot on the map. But not Scott A. Leonard and Christopher P. Van Slyke, the founding partners of Trovena, a fast-growing \$400 million AUM advisory firm.

While one can say that Trovena is “based” in Los Angeles, the same cannot be said of its founders, who are setting a new standard for freedom from the tyranny of office routine. Their story suggests not only that it’s possible for advisors to break free of geographic bonds, but that the process of doing so can contribute to their success.

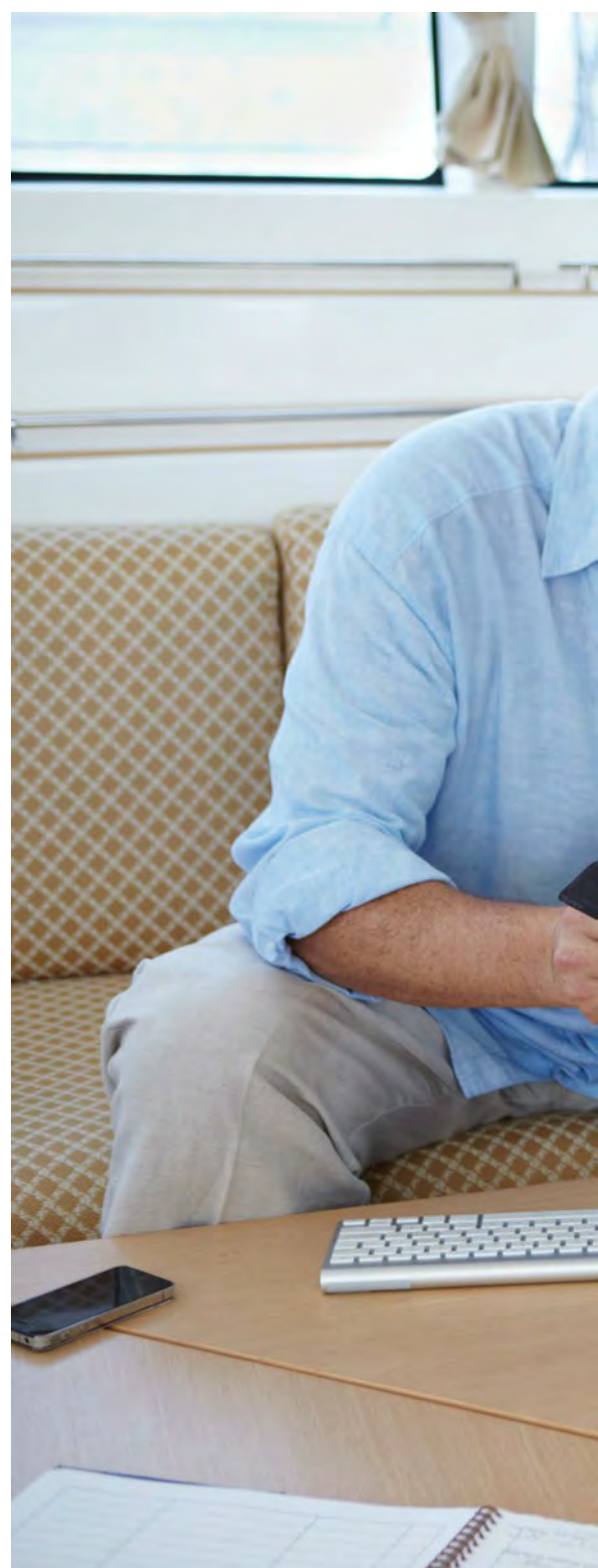
In July Leonard embarked on a well-publicized three-year leisurely around-the-world sail aboard a 50-foot catamaran, accompanied by his wife and three sons, without giving up his “day job.” Van Slyke, a Texas native, has also fulfilled an admittedly less headline-grabbing ambition: Spending half of his time in his native Texas, near family, while continuing to serve the clientele he has built up in California over the past 20 years.

Untethering The Advisor

“This is about the virtualization of the business and the untethering of the advisor from his desk,” Van Slyke says. For Leonard, his impending voyage represents the marriage of a lifelong dream and the ultimate expression of work-life balance. How has the pair of advisors pulled it off so far, and what lessons does Trovena’s success suggest for desk-bound advisors dreaming of greater personal freedom?

The story begins when Leonard and Van Slyke, each running his own advisory business in the 1990s, became acquainted and discovered a common challenge. Both were intent on building their businesses and concluded that they would have to concentrate on serving the top 20 percent of their client base that generated 80 percent of their revenue. “I didn’t want to be disloyal to the 80 percent people who got me started, and Scott felt the same way,” Van Slyke recalls.

They worked together to create a new fee-only business called Trovena Investment Advisors to affordably serve the needs of that 80 percent—classified as the “accumulator market.” “That was our pilot project working together,” Van Slyke says. The strategic underpinning of the effort, shared by Van Slyke and Leonard,



is a focus on process, scale and “being able to re-create what you do many times over.”

The Trovena Investment Advisors experience proved their compatibility and cemented their relationship. “Scott and I are fascinated by the potential of our business, as much as being a wealth manager,” Van Slyke says.

That shared vision and the success of Trovena Investment Advisors led them to conclude they



Scott A. Leonard (left) and Christopher P. Van Slyke, Trovena

would benefit by combining their separate advisory businesses. The merger and formation of Trovena occurred in 2008—a year that tested the mettle of advisors everywhere. Trovena more than survived.

It's Not About You

An essential element of the founders' shared vision is the de-personalization of the busi-

ness, which is what has enabled Van Slyke and Leonard to fulfill their personal ambitions. "We didn't want this business to be about Scott Leonard and Christopher Van Slyke. That is not good for anybody, clients especially," Van Slyke says. Being Trovena LLC instead of Leonard & Van Slyke LLC, reflects the desire of both founding partners to be "intentionally irrelevant"—a phrase

they like to use to describe their leadership philosophy. They characterize it as having great people, processes and systems in place that allow them to be irrelevant to the day-to-day operation of the business, but focused on the firm's success and growth.

That superficial irrelevance is, among other things, what is enabling Leonard to head to sea with his family this summer.

“I grew up sailing,” says Leonard. “As a kid I remember saying to my friends, ‘I’m going to sail around the world some day.’ But then you grow up and life takes over.”

Fortunately, Leonard’s wife Mandi shared his dream. Between the birth of their first son Griffin in 2000 and their second son Jake the following year, the couple decided to do that around-the-world sail with their children—now including a third son, Luke—while the boys “still think their parents are cool” and before they enter high school. The math worked out that the three-year trip would need to begin the summer of 2011, and the planning began promptly.

“Scott told me about it from day one” (well before the merger), Van Slyke says. When the pair combined their practices, they incorporated a provision in the agreement that would accommodate adjustments in their profit-sharing arrangements if Leonard’s adventure had an adverse impact on Trovena’s success.

Leonard says he’s confident it won’t be an issue. Indeed, the publicity about his trip—which Leonard has managed by hiring marketing consultants as part of a larger business strategy (see below)—might ultimately bring more clients and profits for Trovena.

Clients On Board

As for Trovena’s existing clients, only one seemed a bit miffed when informed about Leonard’s plans last fall. “You’ve been planning this for eight years and only now you’re telling me?” was the reaction,” Leonard recalls. The client’s concern wasn’t about the trip itself, but the feeling that he should have known about

it sooner. Those ruffled feathers have been smoothed over, and Leonard doesn’t expect to lose a single client as a result of the trip.

If he’s proven correct, it may be largely attributable to the Trovena’s founders’ “intentionally irrelevant” strategy. At the heart of fulfilling that strategy is the presence of a highly qualified, motivated and empowered staff to keep the operation moving forward on routine matters.

A key member of that team, Eric Toya, holds the title of Vice President of the firm, has some equity in the business and was specifically hired four years ago with the idea that he would play a key role when Leonard set sail. “I wanted to hire him early enough so that I’d have plenty of time to determine whether it would work out,” Leonard says.

“Eric has been in almost every single client meeting that I’ve been in. Clients know him very well. I’ve made the client relationship not about Scott Leonard, but about Trovena,” he says.

Leonard will not only be staying in touch with clients and the office electronically (including liberal use of Cisco’s WebEx application), but he’ll return to Los Angeles on a quarterly basis for important client meetings. “And I told my clients that if this just doesn’t work out, I’ll end the trip.” Van Slyke’s confidence in being able to maintain solid relationships with his Californian clients from Texas is grounded in his own experience. He began his advisory career in Los Angeles, and moved to San Diego several years later. “Nobody fired me. In fact, they kept giving me more business, so I learned that location wasn’t an issue.”

Staying Connected With Clients

The communications technology has improved since Van Slyke’s San Diego move, and today he’s able not only to hold a video conference, but also to simultaneously pull up files on his computer, making them visible to clients and directing them to any reports or data that would illuminate the discussion.

Leonard will be able to do the same thing from virtually any port he docks his boat in around the world, using satellite links when land-based broadband telecom alternatives are unavailable.

“The boat will only be moving about 10 percent of the time,” Leonard notes. And for the first six months of the trip he’ll be in the Caribbean, as a sort of “dry run” before moving on to more exotic and remote destinations. As he navigates further eastward, greater time zone variances from California will require late night or early morning working hours if live communication with the office or clients is necessary.

Keys To Client Retention

Advisors familiar with Leonard’s plans and curious about how he expects to pull it off generally ask three kinds of questions, he says:

1. How do clients feel about it?
(Answer, as noted: They’re okay with it.)
2. What kind of communications technology will he use?
3. Isn’t he worried that Eric is going to steal his clients?

That third question prompts Leonard’s most passionate response.

More Than a Grand Sailing Adventure

Scott Leonard is a strategic thinker. So when he began planning his grand around-the-world family sailing expedition nearly a decade ago, he considered ways to leverage the experience.

The trip will yield the ultimate in quality family time, work-life balance and international adventure, all while maintaining Leonard’s successful investment advisory practice. But his ambition was not satisfied. He sensed another business opportunity: To become a guru on how to become a “mobile CEO.”

Believing that his story might appeal to executives in many

fields, Leonard, with assistance from professional marketers, has created significant buzz about his upcoming trip. He has reached out to the news media, and created a Web site, themobileceosets-sail.com, replete with details about the journey as well as banner advertisements, including one from a yacht interior designer.

“I am creating a business around the mobile CEO,” he says. “I’m going to do some speaking and get some books published around this concept, and coach entrepreneurs on how to structure their businesses so they can do this kind of thing.”

Run Your Business, Don't Let it Run You

Building a strong business without forever sacrificing personal dreams and work-life balance is achievable, Trovena founders Scott Leonard and Christopher Van Slyke insist. The following are their keys to pulling it off:

Know your strengths:

Understand what you are best at, focus your energies on those activities and find other people to do the rest.

Hire smart: Get the best people you can to join your organization, and grant them the freedom to exercise maximum responsibility.

Pay smart:

Compensate people not only competitively, but link a substantial portion of pay to the quality of service that clients receive. Ensure that associates see a direct relationship between their actions and their pay.

Banish egos: "Make it about the business, not about the person," Leonard says.



"There's a lot behind that question," he says. "I say, 'No, because we have built a company that's in the business of delivering a client experience; not delivering me, nor Eric, nor Christopher, nor any individual. What clients like is our systems, our processes, our methods. By making it about the business and not the person, it's harder for someone to steal those clients."

What's more, Leonard says, "if you compensate people really well, and in the right way, they will not want to try to steal clients. If someone tries to steal clients, it's your fault for not creating an environment that they'd want to stay in."

Goals For Growth

The environment Leonard and Van Slyke intend to continue maintaining is that of a growing company. Their sights are set on \$1 billion in AUM in the not-too-distant future, "and by the time we're in our fifties—that's seven years from now—we want to be a major firm," Leonard says. "That means a couple of billion."

Trovena's growth targets aren't only about AUM, Leonard says. "It's the size of the staff, the quality of the staff, the types of services we can implement, the types of clients we can continue to service very well and at a competitive price."

But those goals probably won't be achieved

at the price of making the job a grind for anyone associated with Trovena. By the time Leonard returns from his three-year voyage, Van Slyke may be ready to test the limits of the virtual office concept himself. "I'm no sailor," he says. But with a wife raised in Hong Kong and London, he has developed an appetite for international living, and is thinking that a year in Italy might be necessary to satisfy his wanderlust.

Van Slyke's advice to fellow advisors: "You can do this. The technology is there. You have to make yourself intentionally irrelevant around the office, and take the first step. Do whatever your dream is." ■

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