

Unlocking the Power of a Partnership - The Evolution of AVID Planning with Jack Arnold and David Harpool

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Full Episode Transcript

With Your Host

Maddy Roche

XYPN Radio With Maddy Roche

Maddy Roche: Hello and welcome to XYPN Radio. I'm Maddy Roche, your host. I'm excited to have Jack Arnold and David Harpool back on the show with me today. Jack and David are the founders of AVID Planning, an RIA based in St. Petersburg, Florida. And they visited XYPN Radio in January of 2022. Today we're together again to check in about the changes they've made since they were last on the show.

And they're here to talk about some of the challenges that they've experienced as they've continued to grow AVID. We dove into their partnership dynamics, how they deal with conflict and how their shared passion for their work and the foundation they have as friends has made their working relationship something they both cherish.

They discuss why both of them choose to sit in on every client meeting and how implementing Surge has helped them optimize their time. Listeners will be particularly interested in how and why Jack and David reduced their client base by nearly 50 percent in the last few years. And how it's allowed them to do the kind of planning both they and their clients crave.

Without further ado here's my interview with Jack and David.

Hi, Jack and David. Nice to have you on XYPN radio. How are you?

David Harpool: We're great. Good to see you. How are you doing?

Maddy Roche: I'm doing so great. It is so fun to see two faces return to XYPN Radio. Like I said in one of our former episodes, we are trying to have some of our members return to XYPN Radio to catch us up on how the past few years have been. So the last time these AVID team teammates have been on the call with us was over two years ago.

Jack and David, let's not repeat episode 326, instead let's talk about current state. but to get our listeners up to speed, Jack, why don't you introduce yourself a bit and then we'll dive into the firm and David's intro.

Jack Arnold: I'm Jack Arnold. St. Petersburg, Florida, native Floridian. Been here my whole life. I have a wife, Jessica, I have a daughter that is actually graduating from college in a few months, which is crazy to say. A dog and a cat. That's pretty much...

David Harpool: and a lot of gray hair you can't see from the camera.

Jack Arnold: I definitely have more gray hair than the last time we were on this for sure.

Maddy Roche: It's been a hard two years, guys.

David Harpool: I'm David Harpool, I'm probably more a realistic picture of St. Petersburg cause I'm from Ohio and moved here 17 years ago. Jack, we call him a unicorn, born and raised in Florida. Married, two kids, almost ten, seven and a half, a boy and a girl. My wife Melissa. We live 10 minutes from the office. And I only have three gray hairs, so I'm doing pretty good.

Maddy Roche: Lucky you.

Jack Arnold: You are getting some more. I have noticed that.

They're definitely coming in a little but more.

David Harpool: My daughter, seven, and a half going on 30. Look out. Maybe you can relate if you're listening. No, she's great. We have a great family life.

Maddy Roche: Those of you listeners that aren't watching the video, you can see in the background of Jack and David a reflection of the blue sky that is representative of Florida consistently. very jealous of that. Who wants to introduce AVID Planning to the listeners?

Jack Arnold: AVID Planning. Is a ongoing work in progress, financial planning firm. We really like working with kind of mid career couples, high earners, really trying to get on the same page with each other. We like taking them through a step by step process to really start actually achieving the things that they want to achieve.

And there's more to what you're trying to do with your money than retire. Retirement's not the only goal. So we do like focusing on, there's lots of other little intermediate or even shorter term goals. So working with couples, helping them flesh out what those things are. And then actually come up with a plan to achieve them is really what we like to do.

So that's AVID Planning, but it's been a winding road to get to that point. So I'm sure we'll get into that.

Maddy Roche: Yes, we absolutely will. David, will you give us a summary of how many clients you work with?

David Harpool: We have a little over 70, 75 clients which over the last couple of years I would say we have been more deliberate on wanting to work with the people that provide us most joy and that we can help the most. So I would say two years ago, honestly, we were at about 130. So we've parried back quite a bit in terms of the firm, have been very streamlined. Our focus with who we work with, what we offer and now feel blessed to say that we are very selective, our goal is to bring on no more than five people a year for the next five years. And then hopefully take a break. So that's where we're at.

Maddy Roche: Let's earmark that paring back. I think that's a really fascinating conversation that our listeners will benefit from having. But before we dive into that, you two have been in the industry since you started your professional careers. And unlike some of our other members who are career changers, you've really had some exposure to all the different elements of this industry, the good and the bad.

And I'm wondering, Jack, if you could walk you, your the listeners through your personal background. and David, how yours differs from that, if at all.

Jack Arnold: I would say like I did start in financial services like soon as I graduated from college. So that was 2003. My first job was at T. Rowe Price. that was more like a service job, but I would say It's progressively gotten more and more independent over the years is really how it's ended up going from T. Rowe Price, which is obviously I'm not independent at all. I don't have any clients or giving any advice. Went to Edward Jones. That was a, I'm an advisor. I do have some responsibility for some clients, but I'm definitely still an employee. And going from there to LPL, just an independent advisor, but still, you're under a broker dealer, so not completely independent, even though the nomenclature is independent, you're not completely independent. And then going from that to full on independent RIA, a hundred percent on our own. That's really been my progression in terms of my professional life is from those four different places really. And then progressively more independent as time went on.

David Harpool: Mine's honestly not that much different. right out of college in '99, went to Ameriprise to be a financial advisor, I thought this was going to be the best thing in the world. And I honestly hated it so much that I got out of the business for five years.

I never wanted to get back into it because it was selling product, selling product. Had a buddy convinced me that Edward Jones was a better fit. And it was that led me actually to Florida in 2007. That's where I met Jack. That's how we met

each other. So we grew up in that environment together, building our practice through Jones.

And realized and really thought like we want to do our own thing and have our own firm to be able to really work with the people we want and just, autonomy and all that stuff. So went to LPL and while we were at LPL decided we're really trying to do the same exact thing. It'd be a lot more fun if we did it together.

And so that was it. We, formed AVID in 2013 and as Jack mentioned, went RIA, 2016, 2016. and here we are.

Maddy Roche: Going on 10 years. Congrats. David, why don't you talk directly to the listeners who may be working at places like Edward Jones and where was that dissonance for you as you were doing the work? What was coming up that was drawing you to something else?

David Harpool: think the biggest thing for me is I wanted to focus on the relationship and helping people really accomplish goals and in that environment, and they are a lot different than when I was there, when we were there, but in general it's really a production focused relationship as an employee with Jones, you really are, and really a lot of the other firms out there, you had to either sell something or generate revenue to, have a profit center on their behalf.

And it took away from the relationship. And we got to a point where I didn't realize that at first but about four and a half years, almost five years in, it was very apparent. And I just didn't want to keep doing that. And I didn't know that there was anything else that existed until actually Jack left right before me and discovered the RIA thing, which is crazy because I think I interviewed with an RIA in Ohio in 2000, but none of it resonated

and so then once your brain starts to wrap your head around how large the industry is in terms of your ability to work outside of a big corporation and have complete flexibility, it was hard going back. It was pretty much, yes. It was not easy but absolutely it led me to want to get out of that kind of corporate, more corporate structure.

Do my own thing, have my own clients not have to follow the red tape that they laid out for you.

Jack Arnold: yeah. And I will say one thing. I think the difference is a big difference between the two places is. a lot of places are like this, they're product sales focused. And if you say that, I'm not trying to say that's bad necessarily.

I do think it puts you in an odd spot with the person across from you, where I have to sell you something in order to make money, but there's lots of people that can be good advisors in that relationship, even if it is difficult. I think the biggest difference is you're not really doing financial planning at a place like that.

It's very difficult to do that because. That's time away from the thing that really makes the money, which is selling product. Everything has to lead to a product sale. Whereas in a place like what we do is you really can focus on the planning and some people don't care about doing planning stuff.

It's just not their thing. But if you are a person who's I really do like the planning and I want to do more tax planning and then estate planning and have deeper conversation with people and actually help people accomplish things, put the time in, you're way better off doing something on your own.

you could build it how you want to build it and not have to feel like you have to push stuff in order to get, paid.

Maddy Roche: What was the transition like to LPL? How

David Harpool: Scary.

I was terrified. we came from a place that at the time. non compete was super difficult to avoid. So we started our practices from scratch. So we felt they were our clients, but they were Jones's proprietary, asset really. So that was nerve wracking to go out with literally no income, no client and hope that you could massage the way to getting some clients to follow.

Thankfully, a lot of them, the majority of them did. Our firm never came back after us. I think we did everything about as easy as you could with that non compete, but it wasn't, I was stressed out. There's no doubt about it.

Jack Arnold: Yeah. That was 2010 when I did that. So like I started at Jones in '07 so I don't know if anybody remembers what the investment environment was like from 2007 to 2010. That's a good time. But, that, that was particularly tough. I would love to say it was just a stroke of genius. Knew exactly what I

was doing. No, I was just figuring things out as I went along and hoping it could work.

I would love to say that I had this all planned out and it worked the way that I planned it. But it was just like brute force, figure it out, just keep going and don't stop and some things work and some things don't. And you just keep learning and keep pushing.

Maddy Roche: How did you reconcile the non compete? What was your actual approach to leaving LPL that had you under a non compete to waiting for the phone calls? Or how did you structure that?

David Harpool: Me personally, I remember at Jones just being honest with people and saying listen I'm going to be leaving the firm. Here's the reality of this is where I feel internally that I am fighting something that I don't want to fight. I didn't get into this career for a second time, go back through all these licenses again for a second time to be back in the same spot.

So I was brutally honest and said, I'm going to be leaving. You're technically not my client. You can't follow me. I'm not allowed to reach out and call you. You have my information. Which at the time, almost all my clients have my cell phone anyway and there was a kind of gray area where you could send out a letter, you could put something in a newspaper and things of that nature.

Like David Harpool, here's my LPL, here's my information. So that was the gray area around it. And most, almost every single client at the time, which wasn't this huge, billion dollar practice by all means was like this is okay. Great. Yeah. Let me know. Let me know when the day is. And so that was reassuring when people were Yeah. OK I like you. I don't, I guess Jones is nice, we keep saying Jones is not picking on them this could be any firm.

Jack Arnold: Yes. Any places like that.

David Harpool: So

Jack Arnold: also not legal advice. So you gotta, you know, I would definitely, if you're trying to leave, I would definitely talk to an attorney about some of this stuff and they can help you through, and I'm sure it has changed since, and that was a long time ago, but yeah,

I think also this is also a lesson that we continue to relearn is that people trust you. They didn't do business as much as any other place would like you to

believe. They're doing business with you. They want to know, yeah, this is a legit place. But beyond that, they are working with you. You are the valuable person to 90 percent of the people that you have as clients.

So if you're ever questioning, will these people follow me because they're so loyal to it doesn't even matter the firm. Yes, people like you they do business with you. They don't necessarily care too much about the firm unless you go to some place that's some bucket shop type of thing.

But for the most part, if you're going to doing your own thing and you're legitimate and people like you, they've been with you for a while is as scary as it might be. People do trust you. They wouldn't, they trust you more than they trust the place that you're with. They just want to make sure that it's legit.

But they are there for you.

Maddy Roche: Really well said. So was there a time limit to the non compete that you had to wait?

David Harpool: I think it was 12 months and then after 12 months, you could, I could literally pick up the phone and call Maddy an ex client and talk and say, Hey, here's what I'm doing. But prior to that 12 months, it was just more gray, but again and maybe it's completely different now.

I think in any of the things that we've done, which a lot of it was just unknown, we'd never been independent, we knew nothing about that, we'd never even heard about an RIA. didn't know anything about that. We jumped into it and I think looking back even to this day we would say so much fear and pressure was put on ourselves unwarranted because it's not as bad, And I think in all the transitions, we were like, damn, I wish I would have done that sooner. But it's hard. That's part of the learning, learning curve. And I do think part of the desire if you're listening to this, if you ever thought about doing this or maybe you're new at the quick change, if there's your gut, and if your gut is saying that I want to do my own thing.

And be my own firm and be responsible and help people a hundred percent. That will drive you through all of it.

Jack Arnold: Yeah.

Maddy Roche: absolutely.

Jack Arnold: I would say the work that like XYPN does the work that Maddy does in terms of information and really helping people get started has been like, I wish something like that was around when we were doing this, because there's so much information it's almost gotten to the point where it's like, There's no reason mechanically or quantitatively that you can't take the leap.

All the information is there. the road, the kind of, the road is paved. You can take the road if you want to. It's in your mind getting to the point where you just take the leap. And for anybody who's listening to this, I would say just take the leap and just do the thing and you will figure it out.

You will definitely figure it out even if it is a little bit bumpy.

Maddy Roche: Yeah. Great advice. And there is a lot of misinformation, especially from the broker dealers about what is possible. and there's a lot of myths that I wrote a blog last year about myths that need debunking, in this space. And so we'll link to that in the show notes, but let's move towards your time at LPL.

What did you find challenging being affiliated with LPL and how did you solve for those challenges?

David Harpool: Probably the biggest thing is just, we had our Series 7's, our security license, so you were attached to the broker dealer side of things and it seemed like any time we wanted to do anything, whether it was write a blog, send a mailer, do a seminar, which we don't do a whole lot of now, but it was just like it pulling teeth to get through that stuff and we were managing clients assets in our own models and our own way.

So they were literally just providing the custodial ownership really of the funds, holding people's assets. And other than that, it was, they weren't doing much even technology back then, the platform wasn't super sophisticated. So that's where we got to a point where it didn't start to feel right. And we obviously were paying them.

We got compensated more than when we were at, the other firm, but they still were taking some of what we were earning, which wasn't the leading factor to exit and start RIA. It really was, we want to do financial planning. We wanted to actually do it for a fee and I remember submitting that to them and they basically sent us like a template on how the financial plan would be like, this isn't, this is not what we're doing. And then I don't even, I don't even know how

you got or found the RIA space, but Jack's like I have an idea. I'm not sure about it, but what do you think?

Jack Arnold: Which seems so silly. Cause it's not like that wasn't a thing back then, this wasn't like 40 years ago, but it was like, again, it's one of these things where it's just I don't know that there was a ton of information out there.

You could figure it out, but the way that it worked, there's just, especially in, even now in Florida, like it's sometimes behind the curve when it comes to some of these things. There just wasn't a lot, especially in St. Pete Tampa, where it was like this is a big RIA in St. Pete, Tampa, where you could like, you can envision like okay, I see what they're doing.

There's some of these like RIA roll-ups where it's like they just get a whole bunch of people in but it's not really a coherent business. It's a lot of individuals doing their own thing, essentially clearing through the RIA. But there's no somebody you can point to where there's a business that does financial planning and they're an RIA. I can see what that works like, at least not in our city at the time. And even now there's not a ton. So anyways, there wasn't an example to point to at the time, but being at LPL, like Dave said, with the seven. It was, it really boiled down to, we were paying to you to do things that a seven would allow you to do, sell annuities and get commissions and all these things that we weren't doing, we didn't use those things while we were there.

But we are paying to be able to do those things through paying the broker dealer some kind of fee or something. And we just decided we don't need this. We can get rid of that altogether and keep more of the money, but do the same thing that we're already doing and just get rid of them as an intermediary in the process.

Maddy Roche: Jack, I've heard you say that was the best business decision you've made. Can you expand on that?

David Harpool: How long do we have?

Maddy Roche: We've got lots to talk about,

Jack Arnold: I think when we were there and it was, on the surface, let's say you're doing, you're charging 1 percent for an AUM thing, you charge 1 percent and then they potentially pay you 90 percent of that. So 0.9 is what you get. So you're already giving up a 10th. Well fine. All right. You're providing technology. There's some things, even if it's not great, you are providing some performance management. You're doing statements, blah, blah, blah, blah, blah.

I'm getting something for that. But when you really start to dig into it, there's like ticket charges and technology fee on top of that.

You start adding all these things up a little bit here, a little bit there, nickel and dime situation that we went through and we said, all right, what is this really costing us? We went through. And it ended up being like 70%, maybe 75 percent ish, give or take.

And then we, again, we would look at it like what are we getting for 25 percent of what we're making? And you go through and you're like that's not very good. Number one, we don't use that. There's nothing for that. When I went to LPL, which was like 2010, I would say that's really when you started getting a lot of these SaaS tools, like Redtail was probably the first like SaaS tool thing that we used but now there's so many of those.

There's just so many and they've gotten so much better. It was like, you can pull these little tools together and get better technology and just pay an upfront fee. It's pretty inexpensive. You can bundle some technology together, get something that's light years better. It's less expensive. You clear through at the time TD you get a hundred percent.

It's straight up to you. It pays to the business. So instead of getting like a 1099 as a contractor, it's straight to the business which makes it way more flexible in terms of the things that you can do. And it was just so much better. It was more simple. You're paying, you're giving up less in terms of the fee.

You're probably getting, especially nowadays, better technology. Way more flexibility. if you're not using seven type stuff, you can get rid of that whole process. Like it was by far the best thing that we did and to Dave's point earlier. It was like, why on earth did we wait to do this. We should have done this two years ago.

Maddy Roche: Well said. Let's pivot for our listeners and talk a bit about the dynamic between the two of you. I've gotten to know many partners over the years at XYPN and I've worked for a very high functioning partnership between Alan and Michael. And I really have always thought of you two as very high functioning and having worked a bit with you behind the scenes, there's a deep respect between the two of you and you're building a really beautiful and authentic firm.

So let me throw a curve ball. Dave, how would you, what are a few words you would use to describe the partnership that you have with Jack?

David Harpool: Yes, Dave. Wow. Jack is, you that's a great question. A few words. I would say authentic, I would say nonjudgmental, I would say supportive. that's three.

Jack Arnold: Those are good ones. I like,

David Harpool: I think those three come to mind. I feel blessed. I, like I said, I moved from Ohio. I didn't know anybody.

Jack was the second person literally that I met. And so I think at some real part of it Jack's my friend prior to business relationship. So that might have helped. But from a business relationship, I mean we're married for all intents and purposes. We spend a lot of time together. So we have a great dynamic that is not much different than the clients we like to work with, which is a yin and yang.

He's a very big picture type of thing. I kind of get into the weeds. Although today we joked about he's starting to get into the weeds more like me I must be rubbing off. But we've always had a good dynamic where I think we, it started at LPL where we realized that what we were ultimately trying to do was the exact same in terms of the vision of a firm and the experience that we wanted people to get when they say, Oh yeah, I have financial planners that guys from AVID, they're phenomenal.

The way we described that to one another was the same. So I think that's really where it started. And then we realized that his strengths are a hundred percent my weaknesses. And a lot of my strengths are his weaknesses. And we can use those to our advantage and knock on wood here we are 10 almost 11 years into it.

We've had our definitely ups and downs and challenges as a firm but it's been great. I hope we get another decade or two out of it, to be honest with you. I can't imagine it'd be a lot more difficult. I think a lot less fun if I wasn't. Sitting next to my buddy doing it.

Maddy Roche: Jack?

David Harpool: Agreed.

Maddy Roche: Wipe those tears, Jack.

Jack Arnold: Ditto. I pretty much feel the same way. We were friends. I think some of it was being at Jones and going through those early very extremely difficult times, especially the time that we both more or less started there that was a rough stretch just for anybody to start a financial planning financial advice business in 2007.

It's like what the hell? So that was tough We had some very tough times and we were in the same boat So we got to share that which was helpful then like Dave said about personalities, I think that's luck almost. We just lucked into that where it just ended up that we have kind of complimentary personalities, which is makes, I think makes a gigantic difference.

It does make it easier to, it's not butting heads as much as it is like just differing opinions and, also having some kind of respect for the other person to be like, I'll hear you out. I'm an arguer yeah, and I will definitely tell you what I know, I'm not going to be rude.

And I don't know, we just have a good relationship and it's been, it's just been such a long time at this point, again we know strengths and weaknesses of each other. We've had ups and downs. We've had, rough stretches in the business and rush stretches in the markets. Just, we've seen so much at this point.

It's like we're just a married couple at this point.

Maddy Roche: Listeners, we just had Allen and Michael on the podcast and I pried a bit into their partnership dynamic and even asked them their advice to advisors who are considering partnering. And they said pretty explicitly that if you're thinking about partnering because you're lonely, go get a Mastermind group and get involved in the community.

Do not partner because you just want someone to share the burden with. But if you really see a shared vision for the firm, then that's a good reason to begin thinking about partnership. Could you walk us back in memory lane about how you pictured AVID being in 2024 and was there alignment from the start?

Jack Arnold: I think this is exactly how we would talk to clients. I think that we shared the same values as to what we wanted to do. That was the main thing. The path to get there has changed a lot. It's a little bit this way, a little bit that way that has changed quite a bit.

We agreed on values in terms of what we wanted to do and how we wanted to serve people and what we thought was possible and who

David Harpool: and what we didn't want to do and what we absolutely were not going to do.,

Jack Arnold: So from a value standpoint we were on the same page from a how to get there standpoint what I thought was the way to do it 10 years ago is not the way that I would think to do it today.

Like it's been a lot of experience. So I'm sure if you're an advisor, this is the kind of thing you deal with is people have visions and values and things that they want to go there. In the real world, things turn into their kind of things, move around. It'll look weird because you feel like you're to outsiders anyway,

You're bouncing around and doing different things, but you're really not. I'm focused on something and I got to figure out a way to get there, versus I will sacrifice my values and my vision to be forced into this particular path. This is being other places. They force you on a path, and if you're willing to give up your values to adhere to their path, you can do well at those places. I think there's a, that's one of the reasons sometimes people don't feel fulfilled at places like that. They'd be like I'm sacrificing my values and the things that I actually want to be doing to follow this very strict path that I don't necessarily like. So going back to AVID, we knew where we, what we wanted to be in some sense, values wise, we were very flexible on how and then we've kicked those things around which always comes back to us just being different people and working well together.

Maddy Roche: How do you handle conflict? And if maybe you have an example of a recent conflict or something there was a disagreement about and how do you proceed through that to come to neutral ground?

Jack Arnold: Yeah. Rock, paper, scissors.

David Harpool: We don't have a lot of conflict. if there's something I'd have to, maybe I can if I rambled, maybe Jack would think of an example. I can't think of an example where. We definitely have big decisions. Like we're in the midst of office change, location change, merely because of the building we're in, which is a big decision.

Where do you go? How much do you spend? Do you buy a place? And I wouldn't say that we have through the last three, five months have been eye to eye on all of it. But again, it's always I know that Jack has my best interest and my family's best interest at heart. And he knows I had the same to him.

The business that we have allows us to do what we really love to do in life. And neither one of us want to put each other or one another in a situation that jeopardizes that. So at the end of the day, it behooves me to listen to what Jack has to say, whether it's his own opinion or calling me out on an opinion I have, just to see if, huh, if my wife tells me to do something my first thing is whatever, I don't need another second mom, Jack says it and I'm like, yeah, all right, you're right. I'll do it. I don't know.

Jack Arnold: Yeah. I wouldn't say there's a ton of, I wouldn't say there's a ton of conflict. At this point, that's not to say that we don't have our own opinions about how to do certain things. But I wouldn't say there's a ton of conflict again, not to keep beating this, we have an idea of where we're going.

And if somebody, if Dave says, I want to do X Y Z and he can paint the picture, like this is how we work more towards what we're trying to do. Good. I cannot disagree with what you're saying, even if that's not how I would do it. It's fine. And maybe that's been learned over time to let things go a little bit and just be like, this is what you do.

I trust you're going to do the best thing possible. And I just need to let it go and you do your thing and vice versa. Let me do my thing and I'll figure it out and worry about it. And I have our best interest at heart.

Maddy Roche: Do you guys have your accountabilities outlined anywhere? Is there clear delineation between Jack's role and Dave's role at the firm?

Jack Arnold: I wouldn't say that we have here written out, but we definitely have, I think the unique thing is we do share all the clients, so there's no, it's not two siloed people. Working in the same office. So we're shared with everybody. So we do, it is a shared responsibility. Dave does take the lead on people and I take the lead on people.

So we do know that like you're the lead on this one, you're the lead on this one, but that's a normal communications with the person. I'm the person that's leading that up, but you do have a responsibility to know what's going on. So if the person calls and I'm not around you need to be able to talk to him and answer questions.

So there's shared responsibility there, but in terms of just like the functioning. Parts of the business. I think not that we've written it down, but we know this is your responsibility. This is yours. Dave's the compliance person, is the most formal title is Dave does compliance, but

David Harpool: Only because he refused to do it.

So I didn't have a choice.

Jack Arnold: That's Dave. That's Dave in the weeds, Dave. That's why he's the compliance person.

David Harpool: I hate compliance! So real quick though, on compliance, that was one thing I always remembered In every other place. It was like, yeah, but what are you gonna do about compliance? Yeah, but compliance you want to take that responsibility on your own and I that was a fear of me I had for the firm branching out going independent from Jones and then from the independent to RIA space and now looking back compliance is a pain only because it's very tedious to, keep track of these records and stuff.

But when you run if you're listening, I'm sure you run a relatively simple practice and you're doing what's right for the client, especially if you're fee only fiduciary, it's about straight forward as it gets. So I would hope if you're listening and you're like, I don't know about the compliance, it is not something to hang your head on and be fearful of making the move.

Jack Arnold: Yeah. I would agree with that.

David Harpool: And XY has done a great job of having a support in there. We've relied on them. We've used you guys. So that's a tremendous help too.

Jack Arnold: And if you can partner up with somebody and make them do it even better, it's so much better that way.

Maddy Roche: Take it from Jack. So talk about the decision to serve clients together. That is a unique part of your, client experience that, that makes you deeply comprehensive to them. But what is the business decision between having two founders in on each meeting?

David Harpool: I can tell you it's not to make more money because you could divide and have more people and serve more people probably individually but it is really about the client experience in our opinion. We've always joked that four ears and two brains are better than not. So from one end if we're in an appointment with a client or a couple, if one of us is talking the other person is intently listening.

And there'll be a time where maybe I'm, talking and having something going on, Jack's just sitting there and then Jack has something to say. And it's they're like, Oh my gosh, yes that's exactly right.

Jack Arnold: Frequently that happens.

David Harpool: He's been listening to that where I'm talking maybe making notes, et cetera.

So I don't know. I just think that this, our dynamics to our personalities are a little bit different. So they compliment, I think one another well enough in the appointments.

Jack Arnold: I also think sometimes there's just a lot going on in meetings when you're talking to people and it's very difficult to be in there and think of what they're, take all everything in that they're saying, listening to what they're saying, taking some notes, trying to run an organized meeting, remembering it after the fact.

There's just a lot of pressure on one person to do all of those things at once. Not that people, obviously tons of people do it. It's not that it's impossible. But having done it with Dave for so long, sometimes I think I don't know what I would do if I was trying to do all this by myself and do all run these whole things by myself.

Maybe if it's you and like a paraplaner type of person, that would be helpful. But I think from a client experience person and also just from a almost even redundancy it's it's better to have two people in there to listen to what's going on and actually a lot is lost in notes also, once you come out of the meeting, it's oh, here's what happened.

It's you just lose a lot of the detail. Whereas when you're in there, it's like you can gain all of that and have some kind of, You can give better advice because again, there's two people in there and the other person's listening and it's just a lot more detailed and depth of planning I think you can do.

Maddy Roche: Let's talk about that paring down of your book that you alluded to at the start of this conversation. That's a big business decision to cut your client base by nearly 50%. What were you facing and why was that the solution?

David Harpool: At the time, I guess it really started two, a couple of years ago. Now we actually had a full time administrator who've been with us for five years. We actually had another business partner, another buddy, that, joined us like in 14 or so also met at Jones, went to Merrill long, short was miserable. Wanted to bring him in, thought it was going to be a great future.

Three of us at AVID and life changes, life changes. They both decided to go their separate ways in June of 2022. And so at that point, it was back to just the two of us. I think we had 130, 135 clients, which is not undoable by all means with two people. But there was some dynamics in there that we did want to make sure that we could offer a certain level of service, a certain process to these clients.

And so we pretty much started from scratch with a lot of them going through this new idea of we just started implementing surge meetings, if that rings a bell to anybody listening, which are basically bookend appointments, try to get everybody in there on the same type of program so that we could run our business more efficiently and effectively, as opposed to just who knows what's going to happen this week. So that kind of led to it. And then as we've met with people, we also were adjusting our fees. We instituted a firm minimum, not an AUM because we do a flat fee up front. And honestly, people can pay us through AdvicePay without assets but we did want to make sure that we were compensated for our time given this level of service for everybody.

So there was an inherent decision with some of the clients that it just didn't make sense for you to pay us this much when you have 25, 000 in a Roth IRA. So that kind of conversation with some people was relatively easy I think.

Jack Arnold: Yeah, and it wasn't a just these are smaller clients and they're going to transition out.

It was some people, they're just not on the same page with us. you're pulling teeth. Over the years, you pick up lots of different people. You keep people on that came from a different way of doing business when you first started 15 years ago, they've been in there for a while.

And eventually it's just the business is evolving and they're just not a good match anymore. And you have to have an honest conversation with them. This is just not something that's going to work. Sometimes we felt like we're running five businesses in one business. Like we just have tons going on.

It's not very, it's not cohesive or consistent among the different types of clients. So it was like just to get more focused, run a more efficient, more streamlined type of business and be more, proactive, or just this is what we do and we're going to offer you a better service and not only will offer you a better service, because this is how we're going to do it but if you're not with that, you have to go because that gets in the way of us offering a better service to the people who actually want it.

Like we can't do one off things. Like we have done so much, we've tried project based stuff. I hate. We've tried hourly, hated it. Monthly, hated it. just so many things it's like you get to try all these different things and people have tried that, and they've come from this way, and it was just like, I don't want to do all these different things.

This is how we do it. And that's going to exclude some people, and it is what it is. It's this is how we're going to do things, because my mental bandwidth just isn't there to do all these different things all the time. It was basically just pairing things back to be a little bit more efficient and streamlined.

Maddy Roche: Incredible perspective that six years into building a completely independent book with a fellow partner and then deciding on really what the process is that you want to implement, and the result of that is, is paring down your book. And that is a very scary thing for advisors to think about.

But from your perspective, I like the language you use, you end up getting a couple of different types of clients and then they're all on different fee structures and it does get a little messy. You mentioned that you wanted to, streamline your process. Can one of you describe what your process is today and, why that works for you?

Jack Arnold: I think we talked about this the last time we were on, so I won't go into a ton of this but we started using Money Quotient back in, I want to say '18, we can talk about what led up to us using them but we started using Money Quotient, which is a I guess you'd have a qualitative process to do like financial life planning stuff.

It's actually gotten a lot more popular recently. We just did the SHIFT Conference thing. It seems like that's become very in vogue is to do the qualitative side of financial planning. But we started implementing that which is a little bit of an upfront process of three to five meetings to figure out qualitative things.

And then once you go through that then it's stages of implementation. But we do the first 12 months of the relationship is a flat fee. Okay. So people pay an upfront fee to start with it and that covers the first 12 months. Whether we go through that. The only thing that's probably consistent amongst everybody is that beginning session of qualitative factors, then it's all right, how do we implement based on the goals that you've come up with in your priorities? It's different things that we pull from but you have 12 months with us to get things situated. And then after that if somebody's brought in money or they've consolidated or they've rolled over 401K or whatever it is, then we can charge an AUM or just a monthly fee to keep us on as planners.

So try to keep it as straightforward as possible.

Maddy Roche: So where are some of your current prospective clients coming from and what is the relationship look like before they sign up with you?

David Harpool: We have had some in house referrals, which has really been the business for a long time. But some of those because we've had, as Jack mentioned earlier, these hodgepodge of clients, that we've had at different stages of AVID experience different things, they're not always what I would say 100 percent qualified or in line with who we are as a firm.

So we've also had some just local Google searches. Some people have found us on the internet. we have some reviews on there now, which maybe has helped, but the theme has been normally, they come to us with typically a couple, so two dynamics, the yin and yang, like our partnership. And they come to us with trying to figure things out.

How do we get better with our money? How do we make sense of where we're going. They don't have a problem making money. They don't have a problem spending money. They don't have a problem building wealth, but they don't really even know, now what? Where am I going? So that really starts an ideal relationship with us because we spend that three, four or five meetings on the qualitative side first to get them to really open up and share what this vision of an ideal life looks like.

And then tie in the financial things. And I'd say probably the last three or four new clients that we've started with, it always comes back to cashflow, what's going on with your money. And so we put a lot of effort early on, on helping them see it, what is currently going on with their money, but then

most importantly, training them and teaching them, educating them on how to start telling their money, what to do ahead of time and be proactive in line with their priorities in the vision that they have.

Maddy Roche: You mentioned that you moved to Surge. what benefit has that brought to the firm to meet with clients en masse during a season?

Jack Arnold: I think, part of the reason why we went to it was, it ends up being, if you don't do it that way and have some kind of structure, you could just as easily do three or four like you can push it however you want to push it. But I think having a structured time, like these are the things, this is the time.

One, people get used to it in terms of this is how it works. There's a little bit of a rhythm to it. So it helps people be more prepared. They know what to expect in the spring, this is what we do. Fall, this is what we do. Instead of stretching things out over the course of the year where maybe some people are doing something in March and some people are doing the same thing, but it's in July and some people are... it's easier to get in the mind frame of like, all right, we're talking tax,

let's start, let's do this all the time. You're in this mind frame. It just makes it a lot more. Again, efficient, probably higher quality just because we're doing the same thing over and over again. You're getting reps. You can iterate on the thing. You can say a little bit, let's change this. Let's take this away.

Let's add this. because you have a little bit of a consistent process to improve upon instead of it just being somewhat random throughout the course of the year. so that's been helpful. We are a little bit concerned about doing it in the beginning, but I want to say this is like the third year that we've done it and it's just, every year I think it's easier and easier because people expect it and you can tell people also when we get new people in, it's like we can describe like this is the first 12 months.

But after that this is how things work. Every spring, every fall, we have these scheduled touches where we're going to talk about things at the very least, we're going to keep things up to date. Things pop up, we're here. If you need us, something urgent comes up, you get a new job or whatever. And it's June,

great. Let's talk about it. we're up to talk about things in between. But at a very minimum, let's try to keep this thing updated. So it doesn't get out of date. And then something does happen and we're scrambling to get you just even up to base level. We've done this consistently all the time.

We're not missing things. Like it just made things a lot, more streamlined for sure.

David Harpool: And it also gives us space on a personal side and a business side to not be overwhelmed with client things during the kind of off period so we can spend time doing development things. Making changes in the firm, having new strategy meetings just Jack and I kicking around ideas and taking time off. It's much more, it's just more flexible.

Jack Arnold: Dave has two young kids. So his kids are off in the summer. So it just makes more sense to have a little bit more flexibility in the summer, to have some time off. So it's been great, there's definitely a learning curve. And it's not perfect by any means but it's been definitely an improvement for sure.

David Harpool: And also paring down our firm is also beneficial, trying to get 135 clients over an eight week period or six week period versus 70, obviously is a big difference in terms of the time commitment. How many appointments per week? Cause there's follow up there's follow, pre appointment, if you're listening and you've been in this role, It's a lot.

So that also has helped us want to streamline even more so that we have the right amount of people that we can service the best possible, given the schedule that we want to run.

Maddy Roche: Listeners, this is the second time we've heard this recently. Kathy Curtis was explaining how by emailing the link to schedule the spring meeting in the winter, really hedges and avoid some of those ad hoc meetings for her. And she's able to prioritize her time and her schedule in a much more consistent way which sounds like you two have been able to optimize on with this.

Jack Arnold: Yes, for sure.

Maddy Roche: What would you say AVID does really well?

Jack Arnold: Man, how much time do we have? yeah, I would say handles change. I would say. I would hope everybody is like this, but I do think that we are laser focused on, this is how we're going to do things like, and we want to do the absolute best thing for the person in front of us, which sounds obvious.

And it sounds like maybe something you should say or have to say. But a hundred percent, that's what we want to do. We want to be the absolute best

planners and advisors we can be for the person that's sitting in front of us. That's what we want to do, whatever that means for that particular person.

That's, we really want people to achieve the things that they want to achieve. And we're almost like. Over the top about it. Like you can do these things and we're honest with people and we will be straight up with them. But that's probably the thing that we do the best is just being laser focused on doing the absolute best for the person sitting in front of us.

Maddy Roche: Beautiful. Dave, what do you think?

David Harpool: I think there's always a constant, we can do better. We're going to get better. We need to get better. We can improve this situation, this process. So I don't feel like, if we're ranking AVID on a 1 to 10 scale and 10 is absolutely perfect I'd give us an eight, seven and a half because not because I think we're bad. We just, we still have a long way to go. And in my professional opinion of what we can do for people, we are way better than we were five years ago. And I hope five years from now, we can say, gosh, we were a bunch of idiots back when we're talking to Maddy in '24 but, I would say customer service is probably the top outside of doing a good planning job. It would be customer service. We're going to respond. We're going to do what we say. We're not perfect but we would hope that our clients would say they're always on it. They're always available.

They always call back. If they say they're going to do it, they do it. Never have to worry about it because that's the way I like to be treated. And when you get that, when you work with another business and that's the way you feel I think it's great. And the opposite I think is 10 times worse. We've worked with other professions and it's like, how are these clowns even in business?

Maddy Roche: totally.

David Harpool: So

Maddy Roche: Totally. So what is the five year vision for AVID? Where are you guys going? What are the big changes that you will tackle over the next five?

Jack Arnold: I do think we're comfortable in terms of, who we like to work with. I think we're really getting settled into that finally. I think the process is always going to change and hopefully always improve. But I think it's if we can

add five ish people, that are really good people and really target clientele over the next five years and add another 25 really good people.

I think it would be all right now what? Do we want to stop there? And that's good. Or do we do something else? But I think for now it's really focusing on always tightening up the process, always improving that and adding five ish really good people over the next five years per year would be great.

Maddy Roche: Beautiful. Dave, are you in alignment with that?

David Harpool: A hundred percent.

Maddy Roche: Awesome.

David Harpool: In fact I think it was my idea.

Jack Arnold: It was. I'm taking credit, but it was Dave's thing.

David Harpool: He just happened to speak first.

Maddy Roche: Listeners, there was a lot of really, great advice shared, great perspective, great experience shared. I appreciate both of your transparencies around some of the challenges you all faced. That's the point of XYPN Radio is to be able to bring our listeners some real experience and examples of what advisors similar to Jack and Dave face on a day to day and year to year basis.

So thank you both for being great XYPN members and advisors to your clients. And cheers to both of you. Thanks for being on XYPN Radio.

Jack Arnold: Thanks, Maddy. Appreciate it.

David Harpool: Cheers to you too.