

Ambassador to Fiduciary

*Brian Stimpfl talks about his new role
in the advisory world.*

When it comes to supporting the fiduciary independent advisor business model, the planning profession has no better friend than TD Ameritrade. Tom Bradley, TD Ameritrade Institutional's CEO, is still the only person in his position to come out publicly and say that the Merrill Lynch Rule was a bunch of crap and that advisors ought to be regulated according to no-nonsense fiduciary standards.

Since then, the company has made a quieter but more substantive commitment to the fiduciary cause; Bradley has assigned Brian Stimpfl, one of his top senior executives, to become an advocate-at-large for independent RIAs and financial planners. Stimpfl's portfolio includes participating in the regulatory process and the war planning on the side of the FPA, NAPFA, CFP Board and the Investment Advisors Association, advocating for the fiduciary business model in Congress and with regulators, and also talking with advisors around the country about ways that TD Ameritrade can help them address their key business challenges.

"Tom came to me and said, I really want someone who knows the business deeply," says Stimpfl;

"not only our business and what we offer as an organization, but also of advisors and what THEY need from us. On the macro level," he adds, "that means participating in the debate on fiduciary versus suitability, and the nonsense that consumers are too stupid to understand the difference between brokers and advisors, so let's dumb down the regulations and treat them both the same. It also involves practice management, how advisors can be more efficient, what their challenges are today, so we can point our efforts at the things that can make the most difference and the biggest impact for their firms."

So what's he seeing now? At my request, the conversation started on the macro level, and Stimpfl said that Bradley's comments are sometimes misinterpreted as being anti-broker. "From my standpoint, and from TD Ameritrade's, we feel that the brokerage business, despite its recent problems, is a viable business model," he says. "If you, the customer, know you are purchasing a product from a sales person, we don't have any problem with that. But," he adds, "there is a very big difference between that and actually purchasing investment advice. Watering down regulations

to treat everybody like a broker would be the worst possible thing we could do for the investing public."

Stimpfl thinks that the recent SEC actions are completely understandable if you recognize that Commissioner Mary Schapiro comes from the brokerage mindset at FINRA. "Nobody should be surprised, judging from her past tendencies and public statements," he says. "What scares me is what came from Tim Ryan at SIFMA, that the harmonization she talks about is going to involve a removal of the "legalese terms" of fiduciary and suitability, and that he expects her to put some fair standard of practice in as a substitute."

Of course, the pace of regulatory change has been more deliberate than expected; compared to the efforts to regulate the banks that are too big to fail, Stimpfl describes RIA/brokerage regulatory reform as "contemplative," which seems to be synonymous with "slow." His chief worry, when he sees FINRA endorsing the fiduciary concept, is that different people mean very different things when they use the word, and a weaker meaning might be adopted. "When I see the IAA, the Consumer Federation of America, NASAA and the Coalition all support the fiduciary standard, it sounds encouraging," he says. "But if I were Barney Frank or Chris Dodd, there are so many people talking about this that no one voice is heard. There is a danger in having so many people speak variations of the same thing, versus having everyone stand

together.”

Moving from the macro to the individual, Stimpfl acknowledges the biggest practice management issues today still revolve around the market declines. But in two recent surveys, the company found that some 90% of RIA advisors have the same number of clients that they did before the meltdown—or more. “That was great news,” says Stimpfl. “And 93% of advisors said their clients are not taking money out of their advised accounts. So those stories back in January of folks running for the mattress and stashing money in their closets, as far as our advisors was concerned, was overblown.”

Stimpfl is talking with advisors to figure out how best to deploy the 35 TD Ameritrade employees who work directly with advisory firms on technology, practice management and investment solutions. “The number one issue that we’re hearing from advisors is: how do I grow my business?” he says. “That was an eye-opener, given the current market conditions. Advisors weren’t focusing on cutting costs; they want to make up the revenue shortfall with more clients.”

TD Ameritrade’s first response was to set up workshops on how to segment clients and focus on a niche market. The second was a strategic partnership with a firm called Infinata, which is basically a database of above-middle-market prospects for financial planning services. “They’re using a web crawling technology to go out and collect publicly available information on executives, on

people who work for charities and serve on boards,” Stimpfl explains, “and it amasses this information in such a way that an advisor can search through the information using any number of search criteria and narrow down a set of prospects that they might want to contact to win that person’s business.”

The third response was to create the AdvisorLink database of companies interested in merging or being acquired, which includes a strategic partnership with ECHELON Partners, an M&A service provider that can work out the documents and arrange financing.

What else are advisors expressing concern about? Stimpfl says that after growth and marketing, after regulatory reform, the third most-often-mentioned issue is operational efficiencies. He says this may be the area where a consultant or strategic partner can make the biggest impact. “I have visited hundreds of advisory firms over the past seven years,” Stimpfl says, “and you would not believe the difference between what one advisor might do with his CRM application, highly-automated and highly-personalized to the practice, and another successful firm, where they are still using sticky tabs passed around the office. Going forward, we’re trying to point out ways that either we, through our technology, can help them, or how a third-party outsource provider might be able to assist them. The trend is toward outsourcing all the non-core functions,” he adds, and mentions portfolio accounting, data input, client portals and

even routine office functions as outsource candidates.

More recently, Stimpfl has worked out a strategic partnership with ActiFi to offer something called RoadMap, a software program that identifies business challenges, puts the relevant metrics on the advisor’s computer dashboard and lets the advisor track specific tasks and objectives, top-line and bottom-line revenues, costs and progress in each area.

As the regulatory reform process goes forward, you’re going to be hearing more from Stimpfl—and, probably, words of public support from Bradley as well. As Stimpfl sees it, his two most valuable activities are lending the weight and prestige of his firm on the right side of the regulatory debate, and listening to advisors tell him about their practice challenges. “Like everybody, we could come up with a lot of things we could do for advisors; the question is whether they’re the RIGHT things, or whether they address the most pressing issues,” he says. “And then following up. We introduced a program. Did advisors become more profitable as a result? Are they getting more clients? How effective are we being at helping them be more effective?”

At a time when the institutional back offices are becoming increasingly commoditized, you can expect advisors to pay more attention to who stands on their side, both in Washington and in their day-to-day activities. Let’s hope Stimpfl is the first of many in this new and interesting role. ■