

Leveling-Up: How to Scale a Business with Wendy Marsden

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Full Episode Transcript

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Maddy Roche

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Narrator: [00:00:01] Join your host, Maddy Roche, as she brings you into a community of fee-only financial advisers who are successfully building profitable businesses that serve the next generation of clients. Learn from innovative advisers whose unique stories will inspire you to dream big and take action on your goals. Are you ready to live your best life and help your clients live theirs? Then you're in the right place.

Maddy Roche: [00:00:24] Hello and welcome to this episode of #XYPNRadio. I'm Maddy Roche, your host. I'm excited to have XYPN member Wendy Marsden, owner of ProsperiTea Planning out of Greenfield, Massachusetts, on the show today. Wendy is currently in what XYPN calls the scaling phase of her business development, meaning she's hit capacity to serve her clients on her own and as such is facing a whole slew of different challenges, ranging from hiring the right people to refining her processes. Today Wendy talks to us about how she's built two businesses, a robust tax planning firm and an RIA. She shares the history of both in the current structure of the two and describes how, unlike other planners, she uses tax planning as a ramp down offering from her comprehensive planning offering. Wendy she shares with us some of the mistakes she's made over these years, opening up a tax planning firm with multiple CPAs to buying a building on our town's main street. As Wendy describes, the scaling phase is all about leveling up. You think you've completed something or mastered something, and there's just another level you're going to need to get to. She discusses her annual calendar, her process for engaging her clients on a quarterly basis, and even shares her best book recommendations. Wendy and I laugh a lot during this episode, and you can tell that Wendy, even 20 years into this profession, loves her

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work and this industry. If you're interested in what it's like to hit the scaling phase, this episode is for you.

Maddy Roche: [00:01:49] Avocado toast, selfies, a mountain of student loan debt, Gen Y is anything but traditional. And with over seventy five million people, it's a population you don't want to ignore. Learn more about how to serve this unique population in our guide called Attract and Profitably Serve Millennial clients in your RIA. Discover three key ways to tap into the millennial market and six things that they want from their financial advisor. Visit XYPlanningNetwork.com/Millennials for your free copy. You can find any of the resources we mentioned during the episode at XYPlanningNetwork.com/272. Also be sure to go to XYPlanningNetwork.com/VIP to join a private group just for #XYPNRadio listeners. It's a community of advisors we've all been looking for that's there to provide support when we need it the most. Best of all, it's free. I encourage you to check it out. Again, that's XYPlanningNetwork.com/VIP. Without further ado, here's my interview with Wendy.

[00:02:47] --swish--

Maddy Roche: [00:02:47] Hello, Wendy. Welcome to #XYPNRadio.

Wendy Marsden: [00:02:52] Thank you for having me. I'm so pleased to be here.

Maddy Roche: [00:02:54] Absolutely. I'm excited to dive into you and your career and hear all about what you've built over these years. So let's start

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us off. And why don't you tell the listeners kind of a cursory overview of yourself and your firm and then we can dive in-in different questions.

Wendy Marsden: [00:03:10] Okay, well, I started out, as one does as an astrophysics major in college. -

Maddy Roche: [00:03:17] (laughter)

Wendy Marsden: [00:03:17] - (laughter) And I minored in computer science. And I went off and started working as a software engineer. And then I was thinking about going back to grad school. I was accepted into the BU astronomy astrophysics program. I was thinking about maybe doing computer science instead. And then I realized that I moonlighted doing taxes for fun and everybody else thought that was awful. And I had this epiphany that if something I did for fun was something everybody else hated, (laughter) maybe that's what my career should be. -

Maddy Roche: [00:03:50] (laughter)

Wendy Marsden: [00:03:50] - (laughter) So I went back and I got a masters, actually, I went through an MBA program, but I took out my electives in accounting so I could shave a year off the work requirement for the CPA. And five years after that epiphany, I was a CPA. So then I raised my children in a home-based tax practice and I would work, I would not see them for all of tax season. In fact, that was a really great way for my family, to, my husband would be primary parent all through tax season so we'd flip back and forth. And then, I started doing more financial planning for people.

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I went back and got some-took some classes just to make sure I knew what I was talking about and then got certified in 2013. I was certified assistant for Financial Planning Professional. And then just used the CFP® an hourly basis for a while, and then in January of 2015, I launched as an RIA and it didn't go anywhere until I made some huge changes in 2016. And that's what I really started the firm as I have it now.

Maddy Roche: [00:04:55] Wow. And tell us a bit about your firm currently. Who do you work with and where are you located?

Wendy Marsden: [00:05:00] I'm in western Massachusetts. I'm in a very rural place. The county seat has about thirty thousand that draws from and the town itself is about eighteen thousand. You would not think that this is a place that I could make a very thriving practice, but it turns out I'm the only fee-only fiduciary in Franklin County and I've had people clamoring to come into my practice from the beginning.

Maddy Roche: [00:05:25] Wow wonderful. I've got lots of questions related to that and how you market, but first and foremost, let's go back to the time that you were moonlighting taxes. Not every astrophysicist major (laughter) decides to take up taxes as a side hustle. How did you get into that?

Wendy Marsden: [00:05:42] Well, you know, I am a sort of a do it yourselfer. And I had, my grandmother gave me, one hundred shares of Abbott Lab, and I wanted to figure out how to do the tax return, the dividend part of the tax return. So that was the start of that. I did end up selling the Abbott lab whne I bought a house. I went years and years without having another stock after that. But I did find-I took the H&R Block tax preparer

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course, and then they offered me a job working there and I thought of it as the lab portion of the class. So I ended up working there for a couple of years and just got enough information so that I ended up going back and becoming an enrolled agent. But along the way, I also then received my CPA certification and dropped the EA when I didn't when it was duplicated.

Maddy Roche: [00:06:35] Wow. And when was it that you realized adding on financial planning was something you could do?

Wendy Marsden: [00:06:43] You know, that's an interesting question I've heard so many people on these podcast talk about, they didn't even know the financial planning was a profession. I got my MBA in 97. I'm sorry, MS in accounting. It was the MBA program. So I always think of it as an MBA, but literally it was not. And while I was in the MBA program, another one of the people in my program said she was there to become a financial planner. And I think that was the first time I'd heard of it. And I thought it was kind of cute, like maybe like she was studying Home EC or something, -.

Maddy Roche: [00:07:17] (laughter)

Wendy Marsden: [00:07:17] - (laughter) Like I didn't. Majoring in Home EC. -

Maddy Roche: [00:07:20] - (laughter) Oh, that's nice.

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Wendy Marsden: [00:07:22] - So I was like, and now I understand Home EC, and it's really cool. She knows all about food science. But (laughter) but at the time I didn't realize it was like something you do. But I was very focused on becoming a CPA at that time. And we were all about, if you're not right, you're wrong. And it's all very black and white and research based. And I felt very strongly that I was developing a very valuable skill set as a CPA. And I do still think that that is really true. All of the learning, arcane rules and having them in your tool chest so you can pull it out when the use case comes along. That's a huge skill set that I, I got as a CPA.

Maddy Roche: [00:08:08] Absolutely. So when was it and maybe just tell the listeners about your consideration in creating the RIA in addition to having this tax practice, what was prompting you to do that?

Wendy Marsden: [00:08:19] Well, the tax practice was not a livable world. By the time I decided to become a certified financial planner. I had been living in this small town for 20 years and everybody who ever had a financial emergency considered me the person to call on an hourly basis. And I'm talking thousands of people had run across me as their the-the go to person who was very nice and would help them often for free. And all of the emails started with the terms, Just a quick question. -.

Maddy Roche: [00:09:00] (laughter)

Wendy Marsden: [00:09:00] - And I, I could not continue to live that way. As a tax preparer, your clientele are somewhat abusive to you in ways that you kind of buy into. But like I remember getting an email on a Saturday night, saying that she had to leave at noon on Sunday and I had to get the

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tax returns to her before she left and I'm looking at this email, I'm going she's literally saying I must work Saturday night and Sunday morning for her. That is literally what she's saying. And the thing is, there's so much compulsion in taxes. You have to do your tax return. And that compulsion just kind of flows through the rest of the chain. You have to do the tax returns. You have to hire somebody and the higher person has to do it because there's a deadline. And and so sort of like in the background of the whole thing or jackbooted thugs coming to get you if you don't pay them. So it became a very challenging life. And I wanted to be helpful to people, but I had to put some boundaries around who were my people. So I tried a couple of different ways. And so one of the things I think is part of my journey is that I had a really awful, terrible failed business in my background. So I can tell you about that. -

Maddy Roche: [00:10:25] Yeah, absolutely.

Wendy Marsden: [00:10:27] - So one of the things you need to know about me is that I'm all about innovation. -

Maddy Roche: [00:10:32] (laughter)

Wendy Marsden: [00:10:32] - I'm always-I've always just try the next new thing. So I had the tax practice. I raised my children. I was doing some financial planning hourly. And my children, as they do, grew up. -

Maddy Roche: [00:10:48] No

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Wendy Marsden: [00:10:48] - I remember watching my youngest child go out for sports after school and going, you mean you don't need me at three, (laughter) -

Maddy Roche: [00:10:58] (laughter) Oh no.

Wendy Marsden: [00:11:02] - So and one was already out of the house at that point. And I said, okay, you know what I'm going to do as I am going to. I have this endless demand for tax prep services like there was no edge to it. I had to turn away people all the time. And so I said, well, what I need to do is clone myself and hire a bunch of tax preparers. And I will use that, have the people in the tax practice feed into my financial planning practice. That was my plan. So I went to rent a Main Street office building. I was going to get a three year lease and then the person said, Oh, I can't rent it to you after all, like the week before my lease was starting. And he said, I have to sell it now, I'm a businesswoman says they have to sell something. It kind of piqued my interest. So I looked into it very briefly and then decided that I would just buy it at Main Street office building. What could go wrong. (laughter) So-so then commenced my experience of being a slumlord, which I did not enjoy, (laughter) and a couple apartments upstairs, which theoretically could have paid for the building, but in practice never did. Also-and I hated-hated being a landlord. So I mean, I fixed apartments up really nicely. Do you hear how I'm not making money? (laughter) -

Maddy Roche: [00:12:33] (laughter)

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Wendy Marsden: [00:12:37] - So the building, I was constantly fixing it up, making it nice, making it be what I wanted it to be. I cited it. Now I consider it a gift to my town. When I sold it three years later, I lost probably thirty thousand on the building, but I lost so much money starting this business. So I hired a bunch of accountants, none of whom were, one was CPA track, none of the others were, but they were bookkeepers and tax preparers. I hired, trained and supervised over the next three years, about 12 people. And I only really got one great hire and so about three years after this, it's November, I just come back from a NAPFA conference and I'm excited and I just walk in and I say, okay, I've-I've done the RIA, I've done the CFP®. I've done-I'm ready to like, really rock and roll. January of 2016 we're launching, you can start signing tax returns. And she said, you know, I really like this job when you were training me, but now you want me to do things. And she gave notice. So I spent all that time, like, getting her ramped up and ready and she quit. -

Maddy Roche: [00:14:04] Oh wow.

Wendy Marsden: [00:14:04] - (laughter) And I just said, you know what? I quit too. -

Maddy Roche: [00:14:07] (laughter) We're done.

Wendy Marsden: [00:14:09] - It was so friggin hard. I-I felt like I was slogging through quicksand the entire time I was creating this business. So I had to get the facilities set up. I called it fluffing their pillows, like I had to, like, buy their chairs and set up their workstations and set up their computers and create the job manuals and create the job descriptions and

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then train them and then supervise them. And I never made money on that. I just work twice as hard for half as much money. And was not doing what I love to doing, which is working with the clients, so, I mean, I could-I was using all the grit you need when you starting a business and you hear that it's supposed to be good and that you're supposed to use grit, it's supposed to be hard and it's putting a lot of hours in. But I think one the problems I had was, I didn't actually like being the boss at all. (laughter) I liked mentoring, but I did not like making sure they show up to work. And I had a receptionist that just couldn't quite make it to work during tax season. So I remember trying to, like, model how to do this and incentivize it. I remember I gave her a fifty dollar bonus one time and gushed about her having worked 40 hours the week before. Thank you so much for coming all five days (laughter) and she took the next Monday off because she had enough money (laughter) -

Maddy Roche: [00:15:48] (laughter)

Wendy Marsden: [00:15:48] - and so, that I really disliked. So I just said, okay, January 2016 I went home to my home office. I got that building sold as fast as I could and I just started what is now ProsperiTea Planning, as it is now. And I had at that point, let's see November of 2015, I had about five hundred tax clients. So the day that Jessica my and my good hire quit, I, we fired one hundred clients, we just sent them a letter and I made Jessica do it, I will not be here so sorry bye. Then I started finding somebody to buy parts of my tax practice and phase that out a lot. I let about one hundred people go for the next couple of years. And as of this taping, I think I have 70 tax only clients at this point. And just anybody who would have been better served by somebody who was focused on their issues, anybody who could go to a city and find an accountant because we just don't have

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accountants around here, not many. So I just offloaded and offloaded every year. We would do an offloading.

Maddy Roche: [00:17:14] So the 70 that you have now is that you said their only tax clients, do you have a plan for that, that you want to continue to serve them in a tax only capacity or eventually move them into the comprehensive relationship?

Wendy Marsden: [00:17:27] Oh they're not going to move into the comprehensive relationship. And that's one of the reasons that my business model was such a terrible failure for the office building with the CPA firm and the financial planning on tap. What happens and this is part of that compulsion story I told you earlier, the people who go to get tax prep are actively seeking a very different service than the ones who want financial planning done. It was almost coincidental if somebody came over from the tax practice to me as a financial planner. It was really quite surprising to me. Yeah, I was very surprised and in fact, I had one of the reasons I decided to close my old practice was one of my long term tax clients, really my longest term tax client, actually, I had seen him on H&R Block. He retired, took a full distribution of his entire 401k in cash in December of the year when he also had wages and bonuses and put it into his savings account at the credit union. And he came in to see me for taxes, 70 days later. And I'm looking at this and going, you did what in your highest earning year of your life, you took a full distribution of all of your retirement money and you didn't invest it either. How come did you do this, and he said, well, the guy at the credit union said it'd be okay. I said, No he did not. He told you to call your CPA. And he said, well, he did say that, but you would've to charge me.(laughter) And I'm looking at this guy, and I cared about him a lot, but I'm like, I once sort a white hot cold. And I went and I very calmly said. Why didn't you call me? You said, well, I don't think

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of you as a financial planner, I think of you as the tax girl I hired 20 years ago. And I'm like, you know what, I got to fire all my clients and the ones who want me as who I am now can hire me back. -

Maddy Roche: [00:19:40] What a great lesson.

Wendy Marsden: [00:19:42] - Yeah. Oh, it was it was astonishing because 20 years ago I wasn't even a CPA. So actually, that's not true at this point because I became a CPA 20 years ago. (laughter) But as of that, at that occurrence.

Maddy Roche: [00:19:57] So let's talk about some of the clients that do see where you're at today and the relationships you have with them. How many clients are you serving in a comprehensive manner?

Wendy Marsden: [00:20:06] I like to think of them as my people, so I have about 70 families from whom I just do tax only. But then for my full retainer practice, I have forty seven families and it's about seventy six people. And seventy six people,` Forty seven families are people I see at least four times a year. I've got myself on kind of a calendar of appointments. And you asked earlier whether I saw my tax practice going away and the answer is I really do not see it going away. I see the tax practice as keeping me sharp on something that is one of my most valued skills. -

Maddy Roche: [00:20:46] Cool.

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Wendy Marsden: [00:20:47] - I have it down to a level where it's fun. I like seeing each of these people once a year. I didn't want to give it up. I just so enjoy it, same as I did when I was moonlighting twenty five years ago -

Maddy Roche: [00:20:59] Great. (laughter)

Wendy Marsden: [00:20:59] Or so. (laughter) And they're people I care about. So and that's a, they also serve as a referral source for my financial planning practice. That's definitely happened. But there's another piece that I hadn't expected, and that is it provides an exit ramp for my financial planning practice. So I charge people under a full retainer. And those are people who I do the financial planning, the investment advising and the tax planning and preparation. Sometimes we solve the financial planning puzzle and maybe I don't need to manage their investments, we can stick it all in a rowboat or give them all a Vanguard Wellington fund or something. So in those situations, in a way that they can kind of keep in my roster is if they move down to the tax practice. So they have to understand a substantial change in scope of service. But if I'm charging them six thousand as a retainer client and six hundred as a tax client and they wish to see me just for the tax prep, I think it's a win for everybody.

Maddy Roche: [00:22:15] Fascinating perspective, because I know on the show we've talked to a number of people about how they do use it in the opposite direction, tax planning equals eventual financial planning. I love this idea of a ramp down. I'm wondering in terms of the structure of the businesses, are your tax clients clients of ProsperiTea, or are they clients of a separate business entity?

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Wendy Marsden: [00:22:36] Oh, that's a really good question. So I had a business called T in Taxes for many, many years. And I had when I started this business on Main Street, incorporated it, so it's an S corp. So I ran the tax practice entirely under the T in Taxes name. And then in 2016 I started sunsetting the T in Taxes name. I changed the sign, I got rid of the website. The T in Taxes clients still call it T in Taxes and still went to that and it was still its own business. But I started a sole proprietorship called ProsperiTea Planning. That's what my ADV is registered under and I ran that for a couple years and I think it was just this year in 2020 might have been 2019. Yeah, yeah. It was in 2019. I merged it back so that I am, T in Taxes company doing business as ProsperiTea Planning under my ADV. Which simplified my books enormously, and I've handled that by having two different invoices for my clients and my accounting system, so T in Taxes has invoice and it says how many hours I was billing for. And the retainer practice says here's the quarterly billings for ProsperiTea Planning. And I do have an accounts receivable person now and that's part of my scaling I will talk about. And so we do the receivable separately and I am paid separately in different ways for the two practices. So it does add complexity, but not nearly as much as when I was running two separate cookbook's files.

Maddy Roche: [00:24:15] Yeah, great. Thanks for that breakdown. I know that'll be helpful to our listeners. Have you developed a niche over these years? I love hearing some of the stories of your ideal clients versus the folks that definitely weren't your ideal clients. And you've made a lot of references to to your local area. And I'm wondering, has there been intentionality around creating a niche that is localized for you or is that kind of just by default? What's happening with your business?

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Wendy Marsden: [00:24:39] Well, I run a practice that I've been doing this for 20 some years, so it was not exactly in the cloud from inception. I did prepare tax returns by hand once in a while. -

Maddy Roche: [00:24:52] (laughter)

Wendy Marsden: [00:24:52] - But so, I have again, my marketing has been very slim on purpose. I mean, I do actually. I write a lot. So that ends up being marketing, not because I'm intended to market, but because I'm trying to get information to my clients and I will put it up on my website. And other people who are not my clients see it. So-so that locality was definitely just from inception. A niche I had originally, was I prepare tax returns for people who were married in Massachusetts, but not federally. So we used to call them Boston marriages. So I'm in western Massachusetts. It's very close to North Hampton, Massachusetts. It's a very heavily gay-lesbian population here. And I have an affinity for this population. And really, at one point, many, many of my tax practice clients were in gay relationships, that practice that niche went away. We started calling it gay marriage, and now it's just called marriage.(laughter) So, I mean, the clients that the referral system is still intact and I still have many clients who that was the original reason they came to me. But it's not necessarily a niche I market to. I'm still in the community. And so that, I would say, is if people are looking for a gay friendly referral, I am I get those leads. But I would say that-that's not unusual in my area. So I wouldn't say that's a huge issue. My niche is probably people who need the combination of tax planning and retirement planning. So somebody who's got a big chunk of money and a qualified plan is and planning how to get to a distribution policy. That's a strong suit of mine. I create sources and uses of cash and create a distribution plan and do a lot of tax planning around it, very precise tax planning around it. And we'll give them very precise do a Roth conversion this year for thirty

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three thousand dollars and use up that bracket. And and-and this is a CD ladder we're going to build because that's where you're going to get your money for June of 2022. So that kind of thing is-is a niche. And then I become kind of what I call a retirement concierge for them. So they come in quarterly and we will make sure that their spending is on track. I use MoneyGuide Pro and I will re-run the projections, make sure everybody's okay when the market dips or when they have a big question. Can I pick a hundred thousand out to finance my son's restaurant? No. (laughter) -

Maddy Roche: [00:27:54] (laughter)

Wendy Marsden: [00:27:54] And here's MoneyGuide Pro showing you that. (laughter). So that's one niche, another niche, is people who are handling a death in the family, closing the estate, handling inheritance. Sometimes they're not even inheriting. I'm just helping them close the estate. So I have found I'm good at that. I work pretty closely with several of the local and state attorneys. Sometimes they refer people to me when they're setting up a trust, doing their own estate planning. But and then when those clients pass away, I end up getting retaining, financial planning retaining engagement with the heirs to how close you save. I, I like that I'm helpful in a time when it's a unique situation in most people's lives, they just haven't done it before. But I've worked through it with lots of people at this point. And so I help with that. -

Maddy Roche: [00:28:55] Great.

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Wendy Marsden: [00:28:56] - And yes, I have sad experiences behind that we won't go into now. But I think anyone who's had it had a death in the family understands the need for that need niche.

Maddy Roche: [00:29:06] Definitely.

Wendy Marsden: [00:29:09] I have one more niche and that is not unlike most XY Planning Network people, I really like the people who need college planning at the same time as retirement planning, how to make the same dollar stretch across different budget pieces. So I definitely take those clients. I call them the mass affluent. They're not inherited. I mean, they're not sitting on a five hundred thousand dollar IRA. They're just maybe trying to make their salaries stretch. I enjoy those.

Maddy Roche: [00:29:44] Great. I love that you're using the term enjoy that-that it really makes it sound like it's a choice for you whether you take the client or not. And I think for someone at your level, in the phase that you're in, that's really important that you have that gauge.

Wendy Marsden: [00:29:58] I think that-that is something we should all be listening to our Arlene on. (laughter)

Maddy Roche: [00:30:07] Yes (laughter)

Wendy Marsden: [00:30:07] I have I'm up to forty seven clients because I've learned how to scale, but I was stuck at forty two for a long time and I

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called it my forty two seats on the bus and I've got forty two seats. I need to put the right people in those seats. It's very similar to the EOS stuff. Do you have the right person in the job? Do they get it, want it, have the capacity? Are these the clients that need to be there? And so I have been working more and more on qualifying prospects. I don't even want them to talk to me until we have them into basically at least the probably or hopefully I don't want to take a client unless they're what I would call a hell yes client. So I don't even want to talk to them unless they're probably, so.

Maddy Roche: [00:30:58] Hell, yes. That's awesome Wendy. Let's talk about some of these challenges that you face as an advisor at your level, which we describe internally. And we've kind of institutionalized the language of our business, faces of the firm journey, the life cycle, the life cycle of any firm. You really fall in that building, the scaling phase. You have hit capacity and you've been there for a bit. And and that means that you're facing your own number of issues and different challenges. And as we talked about this episode, you really had some-some good analogies. You described it almost as like leveling up in a video game. Can you talk a little bit about what it's been like to be at this phase? And thank you for sharing that forty two number that that you sat there for a bit, because that is one of our challenges at this phase.

Wendy Marsden: [00:31:41] Yeah. So the thing that changed a lot in the past couple of years for me is that I did start moving from into more proactive scaling. And to me that involves getting a lot of coaching, involved getting a lot of-doing a lot of reading. I almost did my second year at strategic coach. I think that that has been very, very helpful for me. When I first got into becoming, opening my RIA, I did it under the guidance of Comprehensive Planners program. So I came out of the NAPFA. I knew about XY Planning Network at that point and thought about joining, but I

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ended up joining an ACP first and they gave me kind of a business model that I'm going to now call a flywheel. I've been calling these processes where you just grab onto the handle and start cranking and the whole thing works as every time I can build a flywheel into something and create a proven process, I am able to then scale a lot. So I've been trying to work on building those. And in fact, Emily Purdon has been helping with that too, when I got started doing some of that coaching about a year ago. I was really, really trying to work on what I'm going to call my proven processes. So when I talk about being a business owner and facing challenges I did refer to as leveling up, it's like you're playing a video game and you just got good at something and uh oh, now it's gotten harder. (laughter) -

Maddy Roche: [00:33:23] (laughter)

Wendy Marsden: [00:33:23] - So as soon as I would get good at something, it always just got harder. So-so one of the things I've been trying to do is every time I get into a glitchy spot, I try to figure out what's my objective and how what I can do, what's the procedure, so lately I've been doing these task assignments where I will say here's what success looks like, here's the resources I think you're going to need. Here are some obstacles you might face and here's a, back to resources. And and then I hand the task assignment off. So that's one of the ways I've been learning how to delegate more because I was just doing a lot of drive by delegating, hey, take care of so-and-so. (laughter) What does that mean? So I had to sit down and create a task assignment form so that I could give what success looks like. How do they know if they've done it. All, every single thing I do, I feel like I have to stop and write a process for it and then we have to start to run meetings where we check our process pipelines. So I have a process right now, a pipeline right now for investors who needs rebalancing? How long has it been since they were rebalanced? How long

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long's it been since I checked them? And if I'm in a rebalanced moment with them, have I created a trade proposal? Have I submitted the trade proposal for their approval? Have I been approved and not made the trades yet? Have I made the trades and they're not reconciled yet? So we have a pipeline where we can track. So my para planner now can go in and look at the pipeline and just, keep grab on and just start doing. So he runs the flywheel. He can go see, oh these neat reconciling now. I have a pipeline. I always had one for tax prep projects. What stage were they in and I needed info or was ready for me to prepare or needed a question answered to clear review. I knew what stage every tax return was and now I do the same thing with paper and pipelines and with my prospect funnel. I have-if somebody is qualified and they're in my opportunities funnel, I know what stage they're in. So everything has its own process pipeline that we can run reports. And so once a week we sit down and just go through all of the pipelines. That's been huge, huge.

Maddy Roche: [00:35:58] Totally. Who-who owns that and maybe describe to the listeners what your current staff looks like.

Wendy Marsden: [00:36:03] Good question and you're right, so I can't just create them. Somebody has to own them. Somebody has to be grabbing that flywheel. So I have (laughter) staffing is challenging right now. My staffing is a para planner. Who happens to be in my dining room at the moment because of coronavirus, but is usually virtual and I-and he started working for me, wow, he was started to work pretty much full time for me in September last year. That's my son, Gary. He was at the XY Planning Network conference with me and that was his launching. He was already taken some of the CFP® coursework. And so he decided he wanted to transition into this career. We don't yet know if he's a succession plan or if he's just getting trained. He's training me to have a paraplanner or at the

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same time as I'm training him to be a financial planner. So-so that has been a real win. I think we could probably have saved a year of labor if somebody had come in as a trained paraplanner and they could train me on how to have a third paraplanner. But we've been learning together. So Gary owns a bunch of these processes. He is in charge of investing pipeline and the prospect pipeline and he has pieces he does in the prospect one when he's in charge of qualifying the leads after they've been nurtured. I have a wonderful executive assistant. I've had her for years now, almost five years, four years, four and half years. And she's been a godsend, helping me transition out of the tax practice. She was very instrumental in managing the outflow of a hundred people each year and also helping me with all of the onboarding pipeline things as somebody comes on, whether all the things we have to do as we onboard them. And we really had to create a process for that. I originally-originally I thought that I would be able to just everyone would be a bespoke engagement that I would they would come in and I would just deal with it with whatever was really called the spear in the back. The thing that pushed them in the door. But the reality is I have to send everybody through the same procedures or I lose track of who have done what with. And it just was not pretty. So I'm less bespoke, and that's sad, but now I don't drop as many balls, I remember one person I did two investment policy statement risk tolerance meetings with in a row, (laughter) I'd forgotten that I did it in the last meeting (laughter) with the same.

Maddy Roche: [00:39:02] (laughter) If that's not a time to know that you need to be entering into the scaling phase, I don't know what is. That-that may be hands down the best example. Are you at capacity to serve your clients on your own or keep repeating meetings. (laughter)

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Wendy Marsden: [00:39:18] Bad, bad, bad. (laughter) Yeah. So I had one client I did 13 meetings with one year and at my meetings didn't have tight agendas. We were just trying to solve all of the problems. We didn't have them prioritized or schedules out. So every single meeting felt like we had to do all the things. And I've gotten way better at tighter meetings through the years tighter meaning they may still go wrong, but at least we have an agenda and we've accomplished it by the end of the meeting. So my admin assistant, my executive assistant, she does a lot of that schedule, all the scheduling, she-she's the one that tells me when I'm at capacity and my capacity is based on whether I have openings for client appointments. So we have created a calendar of a couple of seasons. So I have a tax season, February, March and April, where every client is in there for tax appointment. We will also often revisit cash flow issues at that time, but they're in for tax intake. I very rarely finish a tax return in front of them, but we will do the intake in front of. May and June, I-it's all about investment policy, rebalancing, investing that IRA money that they got in there. This is where the when I do my rebalancing for people most of the time. So it's all redid my investment portfolio formularies this year, so I usually have a big lift for each season. So something new that I'm offering to the clients. July and August for me is about vacation time and onboarding new clients. So this is when I can take somebody who I need to see three times over the first month or two, and so July and August. And I don't generally schedule regular clients then. September, October is a-is a I call it my-my asterix meeting, it's whichever unit we're doing that year. Last year I did a unit on getting your affairs in order and I took everybody through a process of creating a document of here's where I buried my goal and my will is done. I told everybody the deadline to get their will done was Dia de los muertos, the day of the dead. So I try to ramp up demand to get that done by a deadline and nobody's regretting having done that last fall. Then I, this season, it's going to be about cashflow and working on spending plans, making sure everybody's budgets are under control. That's this fall season. Every November, December is about, for me, it's retirement planning, distribution planning and also tax planning. So everybody comes in for the

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November, December time frame. That turns out to be my critical path for how many clients I can take, because after about October 15th, the tax, is changed over into the next year's tax plan. And I don't have that many appointment spots then. Maybe I have a conference to go to, Thanksgiving. I almost never take Christmas week because that's when last minute tax loss harvesting happens. Last year they came down with new tax laws on Christmas Eve. So I almost never go away Christmas week. I don't want to see clients. I just want to deal with emergencies. So that's my, oh, and then January is also an onboarding time and also cleaning up basic procedures. Just want to get the organizers out. That's when I get the UN statements out, do some Blue Leaf reports. January is a busy oh, I have a vacation in January as well, so that's my season. It's tight. I've got a tight, tight calendar.

Maddy Roche: [00:43:34] You do. And I appreciate that. I think that it's neat that you have so much experience in this industry and enough time having run these businesses to really know the seasonality of your business and your preferred work method around the-the-the requirements of the taxes and things like that. I'm interested in hearing your advice to-to maybe someone who's thinking about building their own business and what you would say to them in terms of what the most important things to consider are. You came with a real deep interest and passion for-for this industry. What would you say to a listener that's thinking about getting into this business on their own, what considerations to take.

Wendy Marsden: [00:44:16] On your own, I'm stymied at that. I hope that they come from a direction. I think if you said I've just read some books, I think I'll go be a financial planner. One of the things that happens when you're serving an apprenticeship, as I did to become a CPA, is that you start out not knowing how much you don't know. It takes a couple of years

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for you to really figure out that boy, there's a whole lot you didn't know about that subject. I was just doing something with annuities the other day. And I really I know enough about annuities to know that I don't understand those payout options. So but 15 years ago, I would just said annuities are bad, can get rid of them, and now I'm a little careful. And the same with taxes, like all the things you don't know, you don't know. So I would really recommend people try to get through their journeyman phase working for somebody. It makes me nervous. And people just think that they know this stuff. I can do it. So couple of years experience somewhere, at least three years experience somewhere before you try to be on your own.

Maddy Roche: [00:45:24] Absolutely. I'm interested, Wendy, in your opinion of the future of the industry, and I always say this, that we don't have a glass ball. But you went from moonlighting and handwriting tax returns to now kind of a global world that requires us to be virtual. That's just one of many changes that our industry is going through. What have you witnessed over these years as being pivotal changes in our industry? And where do you think we're going to go over the next ten to 15 years?

Wendy Marsden: [00:45:51] So the fee-only fiduciary piece, I think, has been a huge pivot in the world of financial planning, I think we all understand that, that when people went from being sales associates to being professionals, that was the largest of the pivots. I do think that there is a lot more respect for my goal as that their wealth professional, as their doctor, as a health professional. And the analogy I use is that I am the doctor and the guy down the street in the brick and mortar store is a pharmacist. So we both know what we're-we're both trained. But if you walk in saying my ankle hurts the pharmacist and say here's the things I can sell you and I'm going to tell you to put it up on a footstool with some ice on it. (laughter) -

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Maddy Roche: [00:46:51] (laughter) Among other things.

Wendy Marsden: [00:46:54] - So-so there you go. That's the professionalism of our field, I think has, is catching on across the country, everybody. And I think NAPFA really was the leading the way on this and that way more than the CFP® board, in my opinion. I think NAPFA has been raising the bar all along the way. Every, everyone who finds me on the Internet found me through NAPFA. Really, that's about, I think I had one person find me through XY Planning Network's site, but yeah, it's NAPFA. So what's the future look like? I think there's more coaching involved. I was just saying to my assistant earlier that I have somebody who really could use more help with getting that under control and I know how to do it. It's not my niche. And as we all know, it's dangerous when we have one offs of things. But-but what she really needs is somebody to say, so how's it going this month? You said you're going to do this, did you? Just that touch. So I saw a new software product out called Nudge and I wanted to look into that. Maybe that will help me with this. That touches maybe we schedule the touches the way people schedule Twitter feeds. So I think that's a future.

Maddy Roche: [00:48:20] Awesome. Great, any last tips for our listeners, Wendy, you've given so many really good points, a lot of insight. Honestly, I've learned a lot about what it may be like to scale a business at your stage with the amount of experience that you have. Any last words of wisdom for our listeners?

Wendy Marsden: [00:48:39] I would say to make sure you create the job description. Retraction and how they create job descriptions and then you

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look for people who get it, want it and have the capacity to do it. I spent three years in that business, so I discovered that I couldn't get good employees. And if I had just waited to see if I could get good employees before I opened the business, I would have saved a lot of money. (laughter) So make sure you know what the job is. Maybe have the flywheels created. Here's the process, I need somebody to show up and crank this flywheel. Maybe do some personality testing called be testing, some kind of getting a fit in. I have no skills in that I wish I did. That's a weakness I haven't solved yet. But do not-do not just see what your brother-in-law can do. Find out what the job is and then see if somebody gets it, wants it, has the capacity to do it.

Maddy Roche: [00:49:45] Great, great, great, great. Thank you so much, Wendy, for the work that you've done for this industry and your clients, but especially on the show today, I know our listeners will have taken some really good notes and good thoughts away from this.

Wendy Marsden: [00:49:58] I do have something else I want to mention in my notes. I wanted to bring up a couple of books that I found useful that I thought you might like. So the Experience Economy by Pine is a really, really interesting book to read for any financial planner. It talks about creating the stage your clients are on. So I have I have a motto. My vision for my business is we provide valuable information in a timely manner to fantastic people who we really care about. And everything the clients see has to reflect that. So every day I aim to relieve and delight them. I aim to remove things that annoy and add things that delight. We have to stay knowledgeable. So our information is valuable. We have to keep the systems in place so that we can be timely with our valuable information. We have to create a good prospect funnel so that we only get fantastic clients and we have to have good work life balance. So we bring our whole

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selves to each client interaction so we can really help them. So all of this is, the Experience Economy talks a lot about that. Strategic coach talked a lot about that, too. Another one is a Door Rope Measure What Matters and talked about objectives and key results. And then Gina Whitman riffed on that with the whole EOS system and traction. I think those are hugely, hugely important to anybody who wants to scale. You can't just have them show up and be pleasant in your general environment. They have to have- they have to have a reason. They come to work. They have to know if they've done a good job. They have to not be your assistant, but they're doing their job. And you can tell if they did it and they can tell if they did it. And it's not subject to the whims of whether you like them or not. Yeah. So have good job descriptions. Have key results.

Maddy Roche: [00:52:04] Great recommendations, and I have read the EOS book Attraction that Wendy mentioned, and I will vouch for that when we implemented the EOS model nearly three years ago at XYPN, I really felt like we became a company. Thank you, Wendy, so much, our listeners, I know, can find more information about you online. I appreciate all of your thoughts, Wendy, and your work here.

Wendy Marsden: [00:52:27] Thank you, appreciate the chance to share this with other people.

Maddy Roche: [00:52:32] Avocado toast, selfies, a mountain of student loan debt, Gen Y is anything but traditional and with over 75 million people, it's a population you don't want to ignore. Learn more about how to serve this unique population in our guide called Attract and Profitably Serve Millennial clients in your RIA. Discover three key ways to tap into the millennial market and six things that they want from their financial advisor.

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Narrator: [00:53:20] You are not alone and you are not crazy. It's scary starting building and growing your own financial planning firm. And that's why we put together a free private community just for you, the cutting edge financial planner. Go to XYPlanningNetwork.com/VIP or text #XYPNRadio to 33344 and join a network of thousands ready to change the lives of Gen X and Gen Y clients.