Firm In Flux: How Buyout & Reinvention Can Kick Start an RIA

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Full Episode Transcript

With Your host

Alan Moore

XYPN Radio with Alan Moore

Alan Moore: Hello, and welcome to this episode of XYPN Radio. I'm your host, Alan Moore, and I'm excited to welcome XYPN member, Matt Miner, founder of Miner Wealth Management, to the show today. Matt started his career on the corporate finance side of business. After a few years, he took a break and went to B school to get his MBA, then worked with John Deere in several capacities before his career was impacted by a layoff related to a merger.

His running partner was a fee only advisor and Matt became an intern at that firm. He was responsible for growing his own client base from scratch and shared how he found success getting those early clients. In 2021, after three years, Matt and the firm owner agreed to a buyout structure so that Matt could take his clients with him and ultimately start his own RIA.

Matt was kind enough to share the details of that buyout and how it worked for him and the prior firm owner. Matt has been growing a really awesome firm as he is looking to do more than 350, 000 of revenue in his third year in business. He shared his approach to fees and how he sees the fighting amongst advisors on the best or right fee structure as unnecessary.

And also how he uses his fee as a client segmentation tool to ensure he's working with his ideal clients. Without further ado, here's my interview with Matt. Hey, Matt, welcome to the show. Thanks so much for being on.

Matthew Miner: Alan, I couldn't be happier to be here. Thanks for having me.

Alan Moore: So, as a long time listener we met up at XYPN LIVE this year in Atlanta.

And you said, "Hey, I want to be on the podcast". And I was like, excellent. So, for, for folks who are out there who are thinking, I'd like to be on the podcast shoot us an email because that's, that's the best way to get on the podcast is to reach out and let us know your story. And so I appreciate your directness and being willing to just say you wanted to, to come on the show and, and for taking the time to do so.

Matthew Miner: Oh, it's a real, a real treat. Looking forward to visiting with you today and hopefully sharing some thoughts that will be, be helpful to your listeners.

Alan Moore: Absolutely. So. Let's just start we'll go back in time and, and talk about career path and then, and then we'll sort of catch up to where we are today.

So, can you talk to me about sort of your first career, you know, in your bio, you talk about graduating B school with a lot of student loan debt. So can you just talk about those early days and sort of what your career plans were?

Matthew Miner: Yeah, absolutely. So I guess I've always been kind of interested in money.

I started out as a journalism major and then decided I wanted to have a family at a younger age and switch to a finance undergrad. So I completed that at Arizona State University and went from there to working in corporate cost accounting for Intel Corporation doing CapEx analysis and stuff like that.

They're putting up fabs in Arizona. And from that time, I just decided that my interest was more in like being the general manager decision maker rather than advising the general manager decision maker and wanted to go back to get my MBA, which is kind of a, a well trod path so I started out at Duke's Fuqua School of Business here in Durham, North Carolina, and had a wonderful couple of years there.

I went, went through that as a full time program interned at John Deere in their Management Development Program, and then took that job full time coming out. We went on to move five times in five years with that job. The beauty of management training programs, that's it. You get to see and do a lot, and you meet a lot of wonderful people, but we ultimately decided, like, not having control of your address is just too much to give up.

So, had the opportunity to step off that into an executive role with a John Deere dealership here in North Carolina. That was in 2013. and decide we were going to do that. And along the way, like you mentioned, when I came out of business school, I had $225,000 in student loan debt. That's 2009 dollars so however that may have adjusted since then.

And about a year after business school, some pretty thoughtful cousins who are also successful entrepreneurs gave me a copy of Dave Ramsey's total money makeover that said they'd inscribed it something like, we found this kind of interesting. I wonder what you think. And so read that and first was kind of like, grr.

And then I was like, well, my plan's not working as well as I'd like. So maybe this guy can help. And at that time we had three real young children, like four, three and one or something like that. And so on a, on a pretty healthy post business school income. Our family started living on like 50 or 60 thousand dollars a year and quickly paid back those loans in about, about three years and then paid off our house and started saving and investing.

And I was like, I really like this stuff a lot. I was reading that it was kind of like. Early days of blogging 2. 0. And so very much like Mr. Money Mustache Joshua Sheets's Radical Personal Finance. Just kind of like the FinCon crowd Philip Taylor, we're all like very influential to me at that time.

And so I started going to FinCon sort of blogging myself and in 2018 my then employer went through a merger and one of the new owners was like, Hey, I think I'd like to have your job. And so that was the end of my illustrious career in the tractor business.

Alan Moore: So that was at John Deere that the dealership,

Matthew Miner: The dealership got sold.

And so this is kind of where I guess my financial planning career picks up. About a year before that, I had started trail running with a firm owner here in Raleigh who had been introduced to me by a mutual friend and we'd been running together for a year. I lost my job on a Friday and he and I had a run scheduled together over that weekend.

And I was like, well, I'm just going to ask Josh if he'd be willing to think about taking me on. So I started with a fee only firm here in Raleigh now called Bridgeline Wealth Management. And that was in June of 2018. After like a pretty nice post business school career, I started with the title of intern making $3,000 per month.

I think that's what you told me Kitces was paid. Maybe he's had a raise since then.

Alan Moore: Yeah, that yeah, I think that's still what his salary is, so.

Matthew Miner: So I was, that's probably the best company I've ever been in. But started that way, passed my series 65 and, and basically started as a lead advisor. They did not want me, like, Josh, that firm's owner is not interested in managing people.

So he was kind of like.... just go see what you can do. So, worked on getting clients from day one. My first client, I charged $150. Which it turns out is not enough. And was, was there as an employee for a little over three years. And at one point in that Relationship just came to Josh and was like, Hey, I'm, you know, I'm 40.

I think we're, we're pretty well together. I like this business. I was like, I'd like to either buy in or buy out. And my employment agreement provided for, for either. And he sort of sat on that for about 90 days. And he came back, he'd been going through some personal change in his life. And he just decided he was like, I want less, not more, you know, more focused, not bigger. And so, we came up with a plan for me to acquire a portion of that business and got registered in August of 2021. So Minor Wealth Management has been in operation right about nine quarters. Made my first revenue in Q4 of 2021. So,

Alan Moore: Okay. So yeah, just over two years in. Yeah. What an awesome awesome story.

I, I'm curious because I get questions from the young, you know, I call them kids now, the college students who are like, Oh, like what, what career path should I choose? And I've just heard the best things about these management training programs that the huge companies have, whether that be John Deere or Allstate or... I've heard like enterprise rental car has a good one. Like, did you find that training program, obviously five locations in five years, like, did you find that to be a beneficial program that has sort of impacted you long term beyond just getting a job in a dealership, which obviously it led to that. But like, I guess, do you see the, do you look back and think like, gosh, I'm really glad I had that experience. That's really helping me today?

Matthew Miner: Hmm. I don't think anyone's asked me that exact question. I would, so I would wholeheartedly endorse my own former employer. I loved working at John Deere. It was a great cultural fit for me and met some wonderful people there. Some of whom I'm still friends with. So that's kind of idiosyncratic to the firm.

I think overall, if you're looking for a broad management exposure, that can be a great way to go. I think those programs are best if you really are a good fit with that company. And if you can kind of like stomach being at that company, you know, maybe for your whole career, but anyway, for 10 or 15 years, I'd say programs like that. What they set you up for is kind of like headed for the, at least the director level within those firms. And and so I think if that's your goal can be really good for us giving up the autonomy over our address was too big a price, but that makes sense, but I would go back and do the same thing. Last thing I'd say career is one of my. Like, passions. I love to work on it with my clients, especially my clients who are maybe still in their 30s, and a mentor said to me when I was still in my 20s, like, basically, you're going to get a chance to trade off maybe experience, location, relocation, travel, pay, work life balance, you can kind of pick some of these.

I think that's, you know, probably most of the dimensions that you would think about in an employed job. And and and, You're ggoing to you're just going to have to choose. So for me, like coming out of business school, I could do finance in New York and be really long hours, but the pay would be great.

Management consulting, I was very drawn to, and it's one of the things that I love about this career is that I'm advising people. It's, it's a natural fit for me. Management consulting, at least at that time, and still to this day, it's typically like Monday out, Thursday back long hours when you're not traveling.

And that wasn't a great fit for a young family. So we were like, well, we'll take the relocation deal because. At least we'll be together. And the kids were young at that point. So that was how we thought about those different dimensions at that time.

Alan Moore: Makes sense. Yeah, and I think just the quality of some of those management training programs is underappreciated by those of us who have never been through them.

I also don't want to overstate, they're certainly not perfect, but I mean, I've heard some of them can be likened to B School and going and getting your MBA and just the amount of I think we take for granted that like, Oh, like some people were just born great managers and know how to manage a budget.

And like, those things are not innate to most of us. You have to learn and you can either learn trial by fire, like some of us probably ignorantly did or somebody can actually train you how to do it. So. I also am curious, then, after being in that management training program, then going to get your MBA, I'm curious if you look back on that experience as well and, and, and feel like you learned enough with that MBA program for it to have been worth the cost, both time and, you know, three years of living very frugally in order to pay that thing off.

Matthew Miner: Yeah, and just for clarity, like the the management rotational program that we're talking about was my post MBA job. So I was Intel before business school. And then, yeah, no, and that's fine. So there are maybe one level that you get recruited in at with a bachelor's degree and then, and then hopefully a different level that you're getting recruited post business school.

But in terms of like, was it worth it? Absolutely. For me when I was in my early twenties, I was I'm committed to getting some kind of graduate degree. I'm kind of a geeky guy. I kind of enjoy, probably sometimes too much, learning for the sake of learning and reading for the sake of reading. I'm just like curious and enjoy that kind of stuff.

I enjoy the people that I meet in academic programs. So I love Duke. Put us in a place that that has, you know, become our adopted home. My wife and I are both Westsiders. I know you're a native Southeastern guy. We, we like to vacation out West, you know, sometimes as much as two or three months a year.

But we've really found a home here. So that, you know, I don't know how you put a value on that. And then just the program itself, you know, I, I, I love, so I have a real soft spot in my heart for for Duke, for University of Virginia, and for Dartmouth. I think that they just do a wonderful job placing students and just have a really great collaborative culture in their programs.

And, you know, I think what I didn't know going into business school was that like when you go get an MBA, you're being trained to become a manager in somebody else's company. You're not being trained how to, how to start a business or necessarily even run the business that you start. Obviously, some MBAs do that, but you're really being trained to go help somebody else run their business that they've already built.

And I think it's great training for that. And then I think that some of that can generalize to what I do now, but it, but it is funny, right? I mean, you're, when you start a firm, that's, that's just you or you and one employee, it's like, you're just doing totally different stuff. You're working on a much broader, you know, picture and, you know, can be called on to do anything in any given day versus kind of like applying specialized training to maybe a narrow problem, but maybe you solve a narrow problem and it's worth tens or hundreds of millions of dollars to the business.

Yes.

Alan Moore: Yeah, I our COO back in the day was getting his MBA and I asked him, I was like, should I be getting my MBA? And he was like, no, just hire MBAs. Cause in the end, starting your own business is sort of like, again, a trial by fire MBA program. You don't necessarily get the the theory of business, but you just have to figure it out.

So, but everyone's path is a little different. So, and so I. Fast forwarding then to when you, you ultimately decided to get into financial planning. One of the things that you noted in our pre interview was just that around how important and impactful informational interviewing and sort of networking were as you were breaking into the profession.

So can you talk about sort of that and, and how that ultimately impacted where, where you took your career in terms of financial planning?

Matthew Miner: Yeah. So for anyone who hasn't heard that term before, it's If you Google informational interviewing, there's a couple of great articles out there that are just a good introduction to that topic.

And basically what it is, is if you want to ask someone to help you with something, like that's a big ask. You're somehow asking for their time or reputation or commitment to, you know, to access that in a, in a meaningful way. Whereas if you just say, Hey, can we share a zoom call? Can we get a coffee? That's a pretty low barrier to entry. Many people will accept that request. Whereas if you call and say, Hey, can I get a job? That's a big request. So, so starting with that, you know, what you want to do with these things is go and say you know, please tell me about what you have done. What have you liked about it?

What have you not liked? If there was someone in my shoes, what might you say to them? And then like. A key final question is, if, if the meeting has gone well, is like, is there anybody else that you would recommend that I, that I meet? And if they say yes, hey, are you willing to send a quick email introduction?

And by doing that, you're just quickly accessing not only your own network of 100 or 200 or 300 people, but potentially, you know, multiplying that by the same number of people as they sort of think about that. And then in the same way that you guys talk so much and so effectively about how, If, if you have a clear niche for your advisory business, when someone hears that niche, oh, he's, he's, he or she serves divorced women from tech or whatever it might be that in the same way, if you'll go, oh, that person is looking to do X, Y, or Z you know, maybe join a fee only advisory firm as an intern or whatever it might be.

And and so by going through that process, you just dramatically open up opportunities that would be hard to get by asking directly, but can be accessed kind of obliquely.

Alan Moore: So was this something that you were doing before you got into financial planning or once you started at that firm, then sort of leveraging that to start building up your client base?

Matthew Miner: Yeah, I guess I would just say that's always been something that I have used to work toward different jobs all of those different jobs that I've had both. Getting into the firms as well as the next job within the firm once you're already there as it relates to this career, what I would say is that it was a version of informational interviewing that ended up with the introduction to the firm owner who ultimately hired me.

And so when people are saying, Hey, I just can't find a job in this field, like. The job I ultimately got is not one that anyone ever could have found because it didn't exist. So you're just going to have to go talk to enough people and there's probably something out there.

Alan Moore: Okay. Very cool. So you really, I mean, talk about getting thrown into the deep end.

You get a, you get a job with an intern title and told like, good luck, go get your own clients. Tell me about the, those early days and, and how you found success getting the sort of initial client base in order to create sort of a sustainable income stream.

Matthew Miner: Yeah, I think to be clear, like I was greatly helped, even though I did not have a lot of direction, I had some salary and so that gave me some runway to, to work through this.

It wasn't what we were used to having, but in the same way that you guys talk about, like being financially prepared to launch a firm, you can also be financially prepared to take up, you know, a 75% pay cut. And, you know, live, live with that at least for, at least for a time. So as far as like success finding clients, you know, I was definitely reaching out to my business school network at that time.

And that remains an important source of clients for me till now in, in various ways. And so they were all willing to have coffee or have a beer and, and just talk about that. And, and the same way, you're not going to say, Hey, will you sign up? You're going to say, Hey, I'm doing this new thing, and. If you know anybody who needs help, I hope you'll think of me.

The very first client, like I mentioned, actually the first three or four clients were all people going through divorce. It's just such an obvious transition that has, that was even pre It was pre the time when you could no longer deduct alimony. So we were doing some of those some of those calculations over whose tax rate did we want to apply to the financial settlement and stuff like that.

So that was, that was the first handful of clients that came in. One was a business school classmate. Another was a former client of another firm. And then I just was fortunate in talking to a lot of people about what I was doing to... to begin to, to add some clients of some size I, I went back and looked at this and even though I was not a firm owner for those first few years, the revenue tracks a lot with the benchmarking surveys that you guys do.

So like my first half year in business was something like $3,600 in revenue and then was like $24,000 in the first full year. And then like $65,000 in the second full year.

And I was on track for probably about $120,000 in the third year that would have been a full year, but, but we ended up with a partial year and it was less than that. And kind of transferred some of that revenue to the new firm. Anyway, so those clients were just coming from, from talking to people and then being clear about what I did, even if I was not totally crystal clear in terms of, you know, precisely who I was doing it for.

Alan Moore: Very cool. Were you, were you able to get some clients from the firm owner as well that maybe didn't meet his minimums or something like that? Like, was there an internal referral source?

Matthew Miner: So I was servicing some clients of that firm, roughly a half dozen or 10. I mean, it wasn't a lot. That firm has about 150 client households.

And they were just clients that for whatever reason, they weren't even necessarily especially small. They were just clients where the firm owner was like, Hey, I've had trouble getting these people on the phone. Why don't, why don't you see if you can schedule a meeting with them and find out what's going on?

So there was some of that that went on and, you know, ultimately a few of those clients came with me when I, when I launched. But most of the clients who came with me were clients that I had, you know, had originated for that firm.

Alan Moore: Okay. So remind me, what year did you start with that firm?

Matthew Miner: Yeah, I started in June of 18 and I left in August of 21.

Alan Moore: So in three years, I guess, where, where were you at then when you ultimately decided to launch your own firm? How many clients, what kind of revenue were you at, at that point?

Matthew Miner: I was hoping you were going to ask me because I got some notes together for you, Alan. So I left with 27 client households 23, 23 of whom are still with me.

And of the four that are not one left who I would rather have stayed. One moved to India to be with family. And then two of them married each other, so that collapsed the households from two to one. And then I wish I could say they met at a client event, but they were engaged when, when we started working together.

And then the fourth, I I hired and he's now my part time W2 employee. Joe Bray is a CPA® in Atlanta, and he was one of my very early clients. And we've now been working together as, as colleagues for about six months.

Alan Moore: Okay. So you had 27 clients. And then what was sort of the revenue model at that time?

Matthew Miner: Right. So that was, I added that up for the show. If, if we had just annualized those 27 clients, that was about $155,000 in annual revenue. And it was made up of roughly 80 percent AUM billings would have been rough, roughly 12 or so million dollars in AUM and then about 20 percent in AdvicePay billings for ongoing retainer type of clients.

So that was, that was the makeup.

Alan Moore: So to grow from zero to $155,000 recurring revenue in three years is amazing, especially like no career, no, no experience in this industry. And as a, you know, that's sort of like, you just really hit the ground running. So what do you attribute the, that early success to, to be able to, to grow that fast and just be able to bring on those clients?

Matthew Miner: I think one of the things that was really key when, you know, you gave me the chance to share it here, it was just like having that story for why I was in this business resonated a lot with both the young professional clients that I was onboarding, as well as the older pre retiree clients who were like, okay, this person has some actual experience doing something.

Even if it's not exactly as a financial advisor, the other thing that I thought about and have been going through this a little bit as, as Joe and I work together, it's like I came to this with a very fully formed philosophy of financial planning. So I didn't have to go learn that. And I even had like a philosophy of, of the firm, like.

Should be advice focused, you know, it's fine how you want to bill clearly I'm operating in the AUM model substantially. But, but the thing we do that adds value is advice, you know, and, and then the way that you have wealth is by having a good career or business and living below your means. And then what we're going to do is we're going to be, I tell clients that your career or your business is your get rich money and Miner Wealth Management is your stay rich money.

So we're not here to hit home runs. We're here to hit singles and doubles. We're here to have broadly diversified, solid performance. If you want to outperform, go get another promotion or go get another client. And or cut your household expenses. You know, whatever, whatever of those things you want to do.

Those things you can really control. Whether we get 6, 7, 8, 9, or 10 percent on your portfolio. We don't know.

Alan Moore: Sure. No, that makes a lot of sense. Are you able to share sort of how the the buyout was structured in, just because I know we probably have some advisors who are in this position, but also folks who are hiring, you know, their first advisor or two, and, and want to do right by the cl, by the advisor, but also want to protect themselves.

So can you tell me sort of how that was structured for you in, in terms of the buyout and the, just the terms associated with that?

Matthew Miner: So, first of all, I think that's a really good consideration on both the employee and the employer side. Joe and I worked through this in his contract that he has with me right now.

And what I would say is, in general, what I had was pretty generous while being fair to both sides. So, the clients who came with me came at a two times revenue multiple, and the way we structured that was in round figures, a third cash upfront, a third as owner financing being paid over six years, and a third as a revenue share being paid over the same six years.

So, so basically, you know, I had substantial skin in the game with the one third down payment. The note is formalized as a promissory note that I owe whether... whether I'm successful or not. And then the revenue share, he's participating in my success retaining or not retaining or growing the clients as I, as I calculate that each quarter.

Alan Moore: So on the revenue share portion is just for rough math, if you had $155,000 recurring revenue, let's call it a $300,000 total buyout, $100,000 cash, $100,000 owner financed. And then the revenue share, I'm assuming that was a percentage. Does it cap whenever you hit that 100k? Or did you sort of, is it a percentage forever?

Like how did you structure that?

Matthew Miner: Great question. So it's, there's no cap on it, but it does end. So it ends after six years along with the note payment. But it's just, I'm going by memory here, but I think it's 11. 67 percent of collections per quarter goes as the revenue share. So in, in real numbers right now, and I assume we're going to talk about, you know, where the firm's at today, but in real numbers right now, it's something like a $34,000 after tax payment that I'm making for six years.

So it's substantial because you got to earn 50, maybe, or 60, even at my modest, current modest income to you know, to pay that $34,000 after tax.

Alan Moore: So, you know, obviously early years will be a little less, later years, hopefully if things keep growing, there'll be a little more, but if the average ends up being $35,000 over six years, that's just shy of $200,000 for what was a $100,000 portion.

But let's not forget where interest rates are at today, like you're not that far off from just if you today went to Live Oak Bank and got a loan to buy out that other third, you would probably pay about the same. And this is a little bit lower risk because it's not a, you know, it's not secured by the business.

It's not a pay no matter what, like a bank loan is. This is a, I guess, higher risk for him, lower risk for you that like, you just don't make more money. He doesn't make more money. And if you make great, he makes great. Like that's a really interesting, unique setup.

Matthew Miner: Yeah, okay. Well, that's interesting to hear from you who've talked to a lot of firm owners that it's unique. For us, it kind of, we landed on it without a lot of difficulty.

Alan Moore: Yeah, I don't, I don't interview a ton of people who have bought firms, but this is more Kitces' realm. But it does feel unique. I mean, I do know that there's earn out. You know, that, that can be revenue based that firms will do. But I generally see it's like, you know, we'll take 10 percent of collections until we hit 150 percent of our investment.

And then, you know, sometimes there will be kind of like a warrant kicker at the end. And we own 2 percent of your firm, should you ever decide to sell. Like that's a, I see that in tech that we get, we've gotten offered that at AdvicePay before those types of structures just to, you know, it does sort of tie everything together in terms of how you're billing or I guess how you're growing the business and then how they're compensated.

So, um, and so is your structure with your employees similar? Did you, are you using all of these levers or did you structure it a little differently?

Matthew Miner: Yeah, I think, I was very self conscious when Joe and I got together to say, honestly, I'm not looking to hire another me. I think that one of the, you know, maybe the only aspect of kind of ill fit between me and my former firm was probably just that I always sort of thought of myself as an entrepreneur within that firm and that has limitations.

Whereas Joe, while I think it is, would be able to have that owner mindset and I, I hope that we may partner formally in the future if things go well, that's certainly something we've talked about. He is not... at least up to this point, he has not had an interest in building and growing his, his own firm.

And so, but to answer your question, yes we have in our agreement not agreed formally on a, on a buy in price, but actually my solicitation price is, and I probably shouldn't discuss the details of my employee's contract on your show. It's similar. He can solicit clients from me if he wants. It is maybe not quite as friendly as what I had. Where I think Josh was willing to just see this go both ways. I'm definitely more interested in building an enterprise where we're all working towards one goal. Hey, if you want to leave, yeah, there's a mechanism for that, but mostly we're here to work together.

Alan Moore: Yeah, that's totally fair. And I appreciate you sharing what you're able to, I think.

You know, the, the world has also shifted over the last really even just a couple of years in terms of how employment agreements can even work and how non competes work and that sort of thing. And so I really like the idea of entering into a relationship, a business relationship with knowing how you get out in a way it's kind of like a prenup.

And, and I will say getting divorced is easier than breaking up from a business partner. It is messy. It is hard if you are not on the same page. And so just, and I do see this more. More often now than we used to, and that is firms structuring it as sort of this like, you know, I'm not going to tell you which clients can go with you or which ones can't.

It's too hard to say if I sent you a client or I gave you a client or you brought this client in. Like what happens if an existing client of mine refers you a client who gets credit? Like it's basically just a, if you accept a client from this firm and your practice over the next 24 months, you owe us 2X, 3X revenue.

Like, that's just it. And then how you structure the buy, yeah, the payment terms and all that. And I like that. I had that at one of my prior firms. It always felt like that was a way to ensure the firm was compensated, kept things clean. Again, we didn't have to track all these things, but also, you know, gave the advisor the opportunity.

Like if they ever decided they wanted to leave, then they could. And, and not feel like they were starting over from scratch or going to get sued if they brought over a client that, you know, their, their parents were their clients and suddenly you're getting sued cause you took that client with you. So, so in 2000, or sorry, 2021, you had $150,000 of recurring revenue.

Where are you at today? Sort of nine quarters and just over two years into the business.

Matthew Miner: Yeah, so. We are at 47 client households today. So I think that net of the four we've lost, that's something like 22 new clients. And of those 10 are AdvicePay clients with an average annual fee of $61, 080. And then 35 are AUM clients with an average fee of just over $4,500.

So where we're at right now, I think we'll end the year. Right at $270,000 collected, and my hope is to be between $350,000 and $375,000 for 2024 collected. So that's, you know, we managed to add something like $65,000 or $70,000 in gross revenue this year, and definitely felt the effects of like bringing on and training my first employee.

My daughter also graduated from high school. We took a 31 day trip in the summer. Like, it's not been a totally focused kind of, kind of year. And so, I hope we can do a little bit more from a growth standpoint next year. Joe has passed his Series 65, he's doing a super good job in his work. And so, just looking forward to 2024.

But that's where we're at.

Alan Moore: I mean, yeah, that's an incredibly impressive growth over two years to go, from 155 to 350, I mean, just 350 to 375, going into year three. Like, that's just that's above the curve, I believe, in terms of in terms of sort of the typical path that we see. So, so you mentioned you have a certain number of their AdvicePay clients and a certain number of AUM.

Do you have any clients that are paying you both a planning fee and an AUM fee, or do you sort of have two different service models there?

Matthew Miner: So this is one where I, I was really excited to talk about this today. The, the way I really see fees is as a client segmentation. scheme as opposed to a a big philosophical battle or a different way of paying for different services.

I know that there are extreme opinions on this. We're going to provide financial planning and investment management services to all of our clients who are willing to take us up on it. And we're going to try to charge a minimum fee that we believe is sufficient for our business needs where that is right now is $7,200 per year.

That's what we're trying to onboard people for about the last 18 months either as a or as advice, pay clients. And, and you know, that translates into a minimum asset level or into a, if they can't meet that, right, then we're going to do An annual fee paid as an advice based subscription and then I think we're going to, we're going to try to raise that to $8,400 for 2024.

I say that with fear in my heart, but anyway, that's, that's where we're, that's where we're headed. And the the deal there is, Like I said at the start, like, we really feel that financial planning is where the value is, and so we're going to, we're going to do that for everybody, and then clients get to tell us, do they want help to manage their investments, or do they want to do it themselves with advice from us, and most of our clients choose to have our help for investment management, but if we are charging them a $7,200 AdvicePay fee, for example, we're going to offer to open and manage all of their accounts at Schwab included in that fee.

And if we're charging them a $6,000 a year AUM charge on their assets with us, we're going to provide as full throated a financial plan as we possibly can in exchange for, you know, for that healthy fee that they're paying us.

Alan Moore: So, effectively, you're charging, I mean, you have an AUM fee structure, and if someone doesn't have the assets to meet that minimum fee, then they're just paying a minimum fee, essentially, of $7,200 a year, going to $8,400 a year, leveraging AdvicePay.

Have you had anybody move from planning fee to AUM, and do you wait until, just rough math, at $7,200, do you wait until they hit 720K of AUM to bill 1 percent on, or are you doing it incrementally and sort of, you know, we've historically called that a fee offset where AUM fees start to go up, so planning fees start to come down?

Matthew Miner: So what we tell clients is what asset level they would be able to meet our minimum fee at. And then we tell them we'll do a new contract at that time. So it's, it's either or right now. I feel like the billing would be a nightmare for me to figure out. So we're just going to do the, take it out of their checking account and then hopefully, before too long, we'll take it out of their investment accounts.

Alan Moore: Yeah, that is a feature we've looked at at AdvicePay and for listeners, we are not committing to building this. And it's not even my job anymore to to tell you what we're going to build since I'm no longer the CEO there. But yeah, trying to find a way to balance like, hey, AUM fees are going up and down, how do we offset with a planning fee and getting approvals from the client and all that? It's actually, it is a mess, but at some point I think tech can help solve this. So...

Matthew Miner: Maybe, and I listen sometimes to, I listen to your podcast with great enjoyment and learning, and like, if I had one thought to share with my fellow XYPN nerds, would just be like, just don't make it that complicated.

Like, if you're kind of niched.

Alan Moore: People care way less than we do.

Matthew Miner: They care so much less, and the harder it is to explain, the way harder it's going to be to sign them up. So, like, if, if you are niched a bit, you know. I've heard you and Alan talk at different times about like different levels of gross income that are applicable to your fees.

And so I tend to try pretty hard to be in that two and a half to three and a half percent of gross income. So I want to be at the top end because we think we're providing top end service. And and so then that, then that effectively means something like, okay, you got to be at maybe 200 plus thousand dollars as a household to make sense to work with us.

Ideally, most clients are going to be like 250 to 500 as a household. And, and then we're going to translate that into that fee. And, and, and so there's not, we don't have a complicated assessment tool. It's just like, okay, a couple of professionals, $400,000. That's the minimum fee. Cause that's our, that's our bread and butter.

As far as a client, we want a doc and a public company exec making 1.3 million, you know, we'll go up from there. But that's, that's, but I don't tell them some sliding scale. Just here's the annual fee. Do you think that that would work for you?

Alan Moore: So what you're saying is that it's not just $7,200 for anyone until they hit a certain asset minimum that you are looking at income and complexity as well, so that, that household that makes 250k is going to pay less than the household that makes a million in, in income.

Assuming zero assets for both of them are negative net worth because of debt, like the million dollar client's going to be paying you more than the $250,000 income client.

Matthew Miner: But there is not a complicated rubric to calculate that. It's my estimate of complexity.

Alan Moore: Yeah. I mean, I, do you find, does anyone ever push back on like, Hey, why is this $9,700 instead of $9,500?

Like, do you get that level of like, can you explain to me how you came up with this fee or are you really attracting, you know, prospective clients that. Are just sort of looking at the fee in total and assessing value based on it.

Matthew Miner: I think the latter, I definitely have had people say, I think your fee is higher than I want to spend and that's okay.

You know? And, and so that, that does happen. I figure if that never happened, I mean, the fee was probably not where it should be but I don't have anyone ask me to justify the details of how the fee is calculated. I'll typically position it as our minimum fee is for example, $7,200. You fit the profile of a great client for us.

That's going to be your fee or I'll position it as like sometimes in a prospect call, people will, before I have full details, will ask me, you know, what is that fee like? And I may have to give them that minimum fee and then say it may vary in your case when, when it turns out that they have, you know, Stock compensation, two rental properties, and their income is $800,000 or $900,000.

Alan Moore: I mean, there is admittedly a level of income where people, I would say, stop sort of nickel and diming folks like financial advisors. Just, they have an ability to pay, a willingness to pay. Their time is worth so much in terms of income earning potential that, you know, if I'm making a million dollars a year and you're charging me $10,000, it's like, that's kind of like a rounding error, you know, for, for these folks and you're providing way more value than that, which is how, how both sides want to feel.

We definitely see that advisors are, when they get really complex with the fee calculation, it does make it difficult, especially if you show the client, like, here's all the variables and it's like, oh, well, maybe I don't want that service or what if you don't talk to my husband? Then does that mean a single client or and so on the advice based side, we built the fee calculator just because we found it helped advisors put all that complexity variable stuff on the back end and just be able to say, well, your fee is going to be $9,000.

And if they ask why it's cause that's what the calculator says. And it just, like, gives confidence to even just be able to say the fee, which is I'm sure someone with a background in psychology could explain why that is to me, but it's definitely helped folks just be able to get comfortable with the fee, but you know, there's no, I, I agree with you that there's no right fee structure, there's no right service model for it.

We, we have gotten the reputation that we, we hate AUM or we believe AUM is evil. And and it's not true. I don't think people who sell on commission are evil people either. I think that, you know, I wish fee only had been called fiduciary only. Cause that's really what we're all in this for is we just want to do right by the client and align the fee structure to the services there.

That they're getting the value they're getting and, and make it make sense. So, with that, listeners know we are not anti AUM. We got a lot of AUM advisors. I think something like 80 something percent of our advisors do have an AUM fee at some point with client relationships. So, we just want to see financial planning available to folks who historically have been excluded.

And it's, and now it almost sounds comical, but like that million dollar client that you talked about, they have no assets or negative net worth and they have, they make a million dollars. The vast majority of traditional planning firms will not work with them. They will not just charge them a $10,000 fee even though that may be their, their, their fee minimum, which is, is remarkable that those clients can't find fiduciary advice, much less.

A client that has household income of $150,000 or $200,000.

Matthew Miner: Well, for all those firm owners that can't handle the million dollar revenue income client, you can refer them to Minor Wealth Management and we can take very good care of them.

Alan Moore: Absolutely. Either refer or go sign up for AdvicePay and just charge them directly.

I, I do think there's like this missing piece of just, they literally don't know how to charge. They don't want to get checks, which I understand. And they, they just don't have that functionality in their business. So, so make the referral or sign up for AdvicePay. One thing that, that I did notice too is that you have a podcast yourself and so can you talk about the, the desire to start a podcast and how that has impacted the business?

Matthew Miner: Yes, and I have to say with apologies to, to listeners, podcast production has been sparse since I became self employed. So, I was, I have, I released two episodes. I have a couple more episodes that I want to release yet this year. There are about 45 episodes out there and I'm very, Very proud of all of them.

So that podcast is the WorkPants Finance Podcast. Came through an initial trademark infringement claim that was made against me for my first podcast. The name I'm certainly not going to say here on this show, but we got, got through that. I, I own the mark on WorkPants Finance and the idea there, the tagline of that show is to make a financial plan that works as hard as you do.

I first started podcasting in 2020. And have had quite a number of clients come to me through that. I think probably very much like XYPN Radio, when people come to you through the podcast, you're always just startled by how good fit they are because, like, they've been listening to 30 hours of your voice, perhaps.

And they're just like, I want what you've got. And you tend to, I tend to really often recognize You know, my, my ideal client and people who come in through the podcast. So the idea with WorkPants Finance Podcast is to, it's a mix of, I would call it career, life, and money advice and thoughts. I have tended to alternate between interviewing people in that space who I think have good stories to tell with like taking a theme from one of my interviews and producing a solo show where I go into that. So I might interview a management consultant and then I might talk about what life is like on a management consultant salary and what are the things that you might want to think about doing with that.

That's, I guess, just an example. Some favorite episodes, I've had I've had my wife on there to talk about homeschooling. I have had a Jeopardy winner on there who was an MBA classmate who did that, have had a couple of favorite professors, a number of successful entrepreneurs one of whom is, is still running a great big business some others who exited for about 25 million and just, just different things that I think are of interest to the kind of people that I would like to serve as, as a financial advisor.

Alan Moore: Very cool. You know, one of the misnomers out there is that podcast, you know, starting a podcast is starting a business. I do not believe that. There are a few podcasters out there who can make money doing it, but it's very, very rare. And it requires a lot of affiliate links to to blue. Host or whatever the domain is or a website or website hosting but podcasting is a marketing tool for a business.

And so if you leverage it as such and really think about it in that context, then it can be really powerful.

Matthew Miner: I think the key with a podcast. At this point in like, like none of us are out there to win the internet at this point. Like we're looking to niche down, talk to a few people, but what you want to be able to do is direct them to your own service offering at the end of, at the end of that.

And so it's perfect for, for XYPN it can also work for a financial advisor.

Alan Moore: Absolutely. So one of the other things that I saw that, that you made a note about was in this is a quote from you. "I aim to help my clients increase the Sleep Well At Night Factor". So sleep well at night factor is all capitalized and then you have it sort of in parentheses.

S W A N F. Can you talk about that? Is that like a, is that a phrase you use with your clients? Is that does that speak to sort of your planning philosophy and how you ultimately work with your clients?

Matthew Miner: So I think it was a very meaningful moment. It was pretty early in my career and it's a client that has really been a, um. You know, one of the clients that has enabled me to continue in this business they just are a great joy to work with and, and have a lot going on. And what I hope for out of meeting with a client is that they leave there with a sense of peace and confidence about their money and then how that relates to their life.

Like you have enough or you're on track to have enough, or if you don't have quite as much as you wanted here are some levers we can pull where you'll probably still be okay. And... so, I would say that I do communicate to clients in terms of "hey, if we do this right, you are going to feel a sense of relief and peace about your finances that you maybe didn't have before we worked together or at least you'll know areas that need shoring up."

I would, I, I kind of put that in there in, in the intake form just to. Just to highlight that, so it's, it's not like I haven't trademarked that one. It's not in any of my marketing literature, but it is something that I aim for.

Alan Moore: Yeah. That's one of those when you work at a broker dealer if you said sleep well at night factor, the compliance team would freak out because you're guaranteeing better sleep.

No, I, I, I do love, it is so difficult to explain the value of financial planning. So often it's until you experience it, you really just don't get it. And, and using phrasing like this telling client stories and success stories and, and how you've ultimately helped clients sleep better at night.

Like those are the things that, that ultimately help connect a prospective client to the service you're offering and, and give them an opportunity to give you a shot. And, you know, the retention rates of clients in our, in our industry is just astronomically high 95 to 97%. I think bad firms that have high turnover at still at like 93, 94 percent retention which is just unbelievable.

And it just speaks to the value of what we do that clients truly do appreciate it. So, so in our closing minutes one of the things that you and I have talked about in the past was just that your path into this industry was unique as everyone's path is in terms of how they ultimately decide to start a business and, and become an entrepreneur.

Can you talk about, I guess, sort of your, your passion around helping people see that there is a path for them in this industry?

Matthew Miner: Yeah, thanks, Alan. I think that what I had really hoped to leave people with is that you can listen to this podcast and all of the XYPN radio podcasts or a good handful of them and just see a lot of templates for how a lot of different people have done it.

Listen to some and I'm just amazed by the success that advisors have had. And they all look different, but at the same time, if you're willing to just keep trying, like, it will work. I think that I could not have predicted that I would be here. Certainly different path as far as I know, than any of my business school classmates took.

But this is exactly where I would want to be. And like, was there some path that could have gotten me here faster and probably a lot more cheaply for sure. But at the same time, it's like. Well, it's, it's your life. So it's going to unfold the way that it unfolds. And you can just kind of do, do the best you can with that.

But the you know, I think a lot of times people ask us, we've homeschooled our three children throughout their entire career. And they're now, you know, 18, 16 and 15. And we'll tell them like homeschooling is not for everybody, but if you want to do it, you probably can. And I think that firm ownership is that way.

There's, there's probably a way for you to do this. And XYPN has been instrumental for me, especially in the, the people that I have met through that organization. And then would just certainly give a shout out to, to Jeff Snodgrass and to Terry Heng who've been very helpful directly in my firm.

And and then the conferences for me, at least when, you know, when you go to XYPN LIVE, you like, I feel like, okay, I'm, I'm here with my people and it's a, it's a great event. So those are just some thoughts on, on getting into this, that like, if you want to do it, you can probably find a way to do it.

You probably can't predict in advance how it's going to go, but. If you'll keep trying, it'll go well. And then where I've seen it, like, not go well, it's because people got bogged down in some kind of details, or they had one plan, and when that didn't work, they didn't try another plan.

Alan Moore: Yeah, there is just an essence of, of resiliency, grit. You know, there's a lot of research now that has come out on just how, how much that matters in terms of long term success for all of us is that, you know, if you're only set out to get A's on, on on your tests, that's, that does not prepare you for the real world. It's one of the reasons, you know, listeners probably know I was homeschooled.

From second grade all the way through 12th, and one of the biggest things I appreciated about being homeschooled was that it does allow for, I would say, the development of more resiliency, the ability to fail maybe more so than what I see in ... you know, my kids are in public school system and maybe some of what I see there.

But you're absolutely right that especially when you, you know, I, I don't actually know if Mike Tyson said this, but the whole, you know, everyone's got a plan until they get punched in the face. I'm not sure if if he was enough, I don't know if he really said that, but that's, it's a quote attributed to him.

And I absolutely believe that to be the truth. When you start a business, you will have a plan and you're going to have it all mapped out. And when you go to B School, you got it all mapped out, and then you're going to get punched in the face repeatedly and you just, you have to adjust, and what you think is going to happen won't, and you know, in that analogy, the fight is going to go differently than you expect and that's okay, and you just have to be willing to, to continue to maneuver and make it work for you.

Cause if you're not, then to your point, maybe the W2 route, working at a firm is a better fit for you. And that's totally fine. There's no shame in that. There are, you know, some of Michael's research shows that, you know, entrepreneurship does not actually have enough of a reward component for the risk that we take when we start a business, like being a W 2 employee is awesome.

There's no, there's nothing wrong with that. So, um, awesome. Well, Matt, as we're coming to the end of the show, I will ask you the final question and that is, you know, if there's one piece of advice that you wish you could go back and give your younger self one thing that you've learned that you wish you had known back then, what would that piece of advice be?

Matthew Miner: I think I'll, I'll go real prosaic cause we've been talking about a lot of different ideas here. Would just be to like have the financial runway in place to do this yourself. Um, I, I think if you take that step to become a firm owner. Like, expecting the, you know, the revenue is going to be slower than you want.

The expenses are going to be higher than you wish. You'll be making what feels like no money and shocked that you still have to pay self employment taxes on the tiny amount of income that you're, that you're bringing in. You know, I, I think just to your point a minute ago of, of getting punched in the face, like that's going to happen.

So go ahead and expect it. And if you can, if you can get through it, I, I certainly do not, like, I don't feel like I'm through that yet. I'm still not near replacing my corporate income, let alone on a, on an inflation adjusted basis. But I can maybe see how to get there. And and you know, when, when Michael talks about the risk adjusted You know, benefit of being an entrepreneur.

Yeah. Return of being an entrepreneur versus being a W 2 employee. Like, how do you quantify having near total control over your schedule? How do you quantify taking, taking a 30 day trip, even if you have to work some during that time? I, I think that like knowing that that's where you're, that that's where you're moving and then enjoying some of the benefits along the way are A good reason to keep going in this business or any other.

Alan Moore: Absolutely. Well, Matt, thank you so much for for being willing to put yourself out there and, and, and send us a note requesting to be on the show. I always appreciate that, but I really do appreciate you coming on and, and just sharing your story and, and being vulnerable and opening up about, about your journey and, and the way the firm ownership has gone for you.

So thank you for taking the time.

Matthew Miner: Alan, thanks so much for having me on. I hope you have a great afternoon.