

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

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<http://www.xyplanningnetwork.com/336>

Narrator: [00:00:05] Welcome to your community of fee-for-service financial advisors who are successfully building profitable firms that serve the next generation of clients. You'll learn from innovative advisors whose unique stories will inspire you to dream big and take action on your goals. Are you ready to live your great life and help clients live theirs? Then you're in the right place.

Alan Moore: [00:00:30] Hello and welcome to this episode of #XYPNRadio. I'm your host, Alan Moore, and today I'm excited to welcome XYPN member Reese Harper, founder of Dentist Advisors, a virtual firm based in Salt Lake City, focused on, you guessed it, dentists. Reese started this firm in 2007 after working at Northwestern Mutual, and he had one dentist client as part of a book of business that he left with. After experiencing 2008 and his first year of running his firm, he decided to go all in and focus exclusively on dentists. And this is at a time where having a niche wasn't the cool thing to do. As the firm grew, he saw the need to provide more ongoing monitoring of clients financial situations and started building some fancy spreadsheets to provide value to his clients. Then sold a few of those spreadsheets to other advisors to get their feedback and input and has now spun out a tech company named Elements to provide all advisors with the ability to monitor and provide proactive recommendations to their clients. You can find any of the additional resources that we mentioned during the episode, as well as a transcript at XYPlanningNetwork.com/336. Without further ado, here's my interview with Reese.

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

Alan Moore: [00:01:39] Thanks for being a listener of #XYPNRadio! We want to hear from you about what you want to hear from us. What types of guests do you want to learn from next? What topics or pain points are you craving insight on? Go to xyplanningnetwork.com/radiosurvey to fill out a short survey telling us what—and who—you want to hear on #XYPNRadio. That's xyplanningnetwork.com/radiosurvey.

Alan Moore: [00:02:06] Hey, Reese, welcome to the show, man. Thanks so much for being on.

Reese Harper: [00:02:10] What's up Alan. How's Bozeman today?

Alan Moore: [00:02:11] It is beautiful. It's not snowing now. It snowed May 10th, May 11th, I believe we got six inches of snow. So beauty of the mountains, which -

Reese Harper: [00:02:21] I was just riding like this morning and just looking. We got a snow cap, you know, the last few days, like, yeah, I live kind of right up against the Wasatch, like by big Cottonwood Canyon in Utah, close to Park City, but on the Salt Lake side. And it was like flowers and roses and pink petals and white cap mountains. It was like the, May is my favorite month of the year where it's just like so green and still like that epic like snow cap still up on the mountain. So I love it this time of year.

Alan Moore: [00:02:49] Yeah, we did a training with one of our-our she was our Director of Advisor Education now is in a bit of a new role but Kori

[XYPN Radio](#) with Maddy Roche

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

Lennon and she it was a presentation on burnout and how to avoid burnout and one of the ways one of the top recommendations is to experience all and one of the best ways to do that, it's in nature. And it's growing up in Atlanta. Like, there's not a lot of awe in nature there. There's a lot of concrete. But it's one of the reasons I love Bozeman is because if you just walk, in Salt Lake City as well, I mean, you just walk outside and it's just like you just realize how small you are in the universe.

Reese Harper: [00:03:23] I really have a lot of questions.

Alan Moore: [00:03:26] Exactly.

Reese Harper: [00:03:26] Yeah.

Alan Moore: [00:03:27] So I love it. So I guess just to kick things off, let's give listeners a bit of an overview of you and your financial planning firm. So can you just sort of you said you're located in Salt Lake City, you know, name of the firm, number of clients, revenue, number of employees, just sort of a scope so they can get a grasp of sort of where you're at.

Alan Moore: [00:03:46] Yeah. My name is Reese. Hello, everybody. I hope you're doing well. I love financial advisors and just proud of all the hard work you guys are putting in. This is not an easy career, handling both emotional jobs for clients and functional jobs. I love the work Alan's doing here to invest the time. On a Friday afternoon at 2:00 for both of us, when we could both be done with work. But we're choosing to like put together

[XYPN Radio](#) with Maddy Roche

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

some content. And I don't know, I just really appreciate what you're doing and everyone that's listening. Thanks for all your service to clients. It's a huge value. The market doesn't understand you as well as they should yet, and that's our job. You know, giving them a little bit more exposure to what you do. So my background is I started in the industry in 2003. I started at an independent broker-dealer, mostly an insurance company. It was Northwestern Mutual. I was intern of the year during college and my first year as a rep, I was the national sales leader.

Alan Moore: [00:04:47] Wow.

Reese Harper: [00:04:47] Only one problem with my career. I wasn't selling whole life insurance and it was hard to be the sales leader of the year when you were selling term and yeah. And I found really quickly that I knew a lot about insurance, but I didn't know hardly anything about personal finance at large. And. So I went on a journey to try to set up my own thing and set up my own firm. So turned into an RIA that I started after a few years of working at that independent broker-dealer. And then that RIA was a-I help people kind of RIA with money. It wasn't super nichy, it was -

Alan Moore: [00:05:28] You can for a mirror, I will work with you.

Reese Harper: [00:05:29] You know, I can help you. I thought honesty and integrity would carry me all the way to the finish line. And turns out people only care a little bit about that. And so I got a few great clients from a lot of

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

different industries, and that was I started the business in '07. So in the fall of '07, in November, December of '07.

Alan Moore: [00:05:51] What a time to get into the business, man.

Reese Harper: [00:05:54] Wow. Was sweet. I, you know, transferred. I had a little bit of assets that I was able to transfer from Northwestern Mutual over. I think there was maybe 500,000, maybe \$1,000,000 of assets that I had started with. Most of them were with just a variety of people. And going through the Great Recession was a really hard time to get people interested in personal finance. And I had to get a pretty big loan from the SBA to make it through that period. I probably racked up about 150 grand in debt between the SBA and then Delta Amex that I was able to get through that period. You seemed like you wanted to ask a question.

Alan Moore: [00:06:34] Yeah, I didn't realize you could get an SBA loan. So was that one of their like, do you know which program that was with? Is that still a program that that advisors could look into?

Reese Harper: [00:06:42] Not anymore. I think that that ended at the time that Dodd-Frank kind of re-engineered a lot of the lending laws. This was like if you have a high credit score and a business plan, we're going to give you a shot. And if you remember, I mean, we were in a really fluid lending market in '07. Yeah, I was the beneficiary of that. I don't know. You know, without that loan, if I would have made it through, it's hard to know. You know, I don't-I don't know if I would have if I'd only had ten grand in the bank and no credit. But I also don't think that a lot of people worked as hard

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

to get a loan as I did. So it's a two sided coin. I wonder sometimes, you know, what left me in the business versus other people maybe leaving. But anyway, I decided during that period that I needed to focus a bit more and get a little more narrow. It was kind of a natural evolution. I had one dentist that was a, you know, maybe a 38 year old client at the time. And we got along pretty well. And I thought, what if I started saying I only work with dentists? Like, would that work niches? Like in '07, '08, we're still like a thing, but they weren't like a big thing.

Alan Moore: [00:07:51] Yeah, not at all. They were just a handful of people that.

Reese Harper: [00:07:53] Yeah. And so I just over a short period, probably over that year, I really struggled to pick a niche. I mean, it wasn't easy. I'm going to fast forward the story so that it doesn't take forever, but just know that that process was really hard. You know, it's hard to like tell my other clients that I didn't want to work with them indirectly by showing this new brand Dentist Advisors. And it was kind of scary, you know, for me to just wonder if they're going to leave me and would I be able to find any. And I thought, what if what'll happen if I go to years of trying to be the dentist advisor? But I don't get enough dentists and I'm like stuck. And I go back to being the whoever advisor and there's just all this emotion tied up with it. So I ended up growing Dentist Advisors. It kind of took didn't take off immediately. It took a lot of work and over a few years of building a podcast which just hit its millionth download The Dentist Money Show, we were able to grow a pretty big brand. We have dentists in every state in the US now. We have a pretty big remote workforce of financial advisors and we the business, the size of the business is probably 5 million a year in revenue. Now my first year was 140,000 in revenue and it's been almost 12 years

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

now, I guess. So that's kind of the path that I took and there's some other stuff that happened along the way. But do you have any questions about the business? Um Alan

Alan Moore: [00:09:28] I mean, I will say 140,000 in your first year starting a business during the greatest recession of-of well in a long time is still remarkably impressive. So I-I do want to throw it out.

Reese Harper: [00:09:41] Working 20 hours a day.

Alan Moore: [00:09:44] Yeah.

Reese Harper: [00:09:45] Yeah and I was carrying a mortgage and I had small children and that was a motivator at the time, you know?

Alan Moore: [00:09:51] Yeah. I mean, where did those clients come from? Because you said you started with half a million. A million, but that that doesn't give you 140,000. Like where did the early revenue come from?

Reese Harper: [00:10:00] Well, a lot of initially I was really trying to lean into planning. And in fairness, that first year, I wasn't a fee-only advisor. I still was selling life insurance like term insurance from the Hartford and term insurance like I bet half I don't know, 50,000 of my revenue was from insurance, but like a good third of it was from probably from life insurance. I dropped that, you know, within a few years, but it was still part of my

[XYPN Radio](#) with Maddy Roche

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

business early on. Most of the revenue came from fixed fees, hourly rates. I would go to someone and just say, I'm \$150 an hour. I can get you organized, I can fix all your stuff. And I was just grinding away that way. And then also AUM fees were a part of that and I didn't bring on a ton of assets, but it was enough to at 1% on a quarterly trail, I was able to build some revenue by the end of the year and be okay. So bill a ton of hours, prospected like crazy. That was one thing that Northwestern Mutual did for me. That was really a good thing is it was just like a prospecting company. I mean, you just.

Alan Moore: [00:11:02] You learn how to prospect. Yeah

Reese Harper: [00:11:03] I cold called like 140 people a day out of the phone book for almost a year and a half. So it was like and I was.

Alan Moore: [00:11:11] When's the last time you saw a phone book?

Alan Moore: [00:11:13] Yeah. I mean, I literally, like, went into a cubicle, picked out a phone book, picked up the phone, and I would just I decided to sell HSA plans as kind of my lead in to hopefully getting something else. So I'd say, hey, taxes are changing. There's this new thing called an HSA, do you want to talk about it? And that was my kind of cold call technique for the first year, and it got me a lot of meetings. So I pivoted quickly in the phone call or in the meeting to and life insurance. Yeah.

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

Alan Moore: [00:11:43] Yeah. I mean, I have to say, there is something to be said for learning how to sell, getting comfortable, being told no, because you get the door slammed on you, you know, 99 well, probably 999 out of 1000 times. But I'm not a big fan of all of his work. But, you know, Robert Kiyosaki talks about this in Rich Dad, Poor Dad, where he says he didn't know how to sell. So it became a vacuum cleaner salesperson until he became the-the number one vacuum cleaner salesperson at that company. And then he quit. And there is something to be said for being-being really intentional with where your weaknesses and then go develop that and it's okay to go sell for whether you're selling financial products or real estate or vacuum cleaners for a year or two to get really good at it because in the end, well, I've never seen a job, particularly not financial services, where sales skills was not helpful. I mean, in the end, you got to sell.

Reese Harper: [00:12:36] Yeah, yeah. I think it's for me, it was one of the skills that I value most. I mean, I think I'm naturally lean towards writing. I love writing, I love content. I love finding the right product market fit. I'm very curious and my undergrad was actually in music composition and then my graduate degree was in finance. So I developed like I probably had a natural inclination towards marketing, which has been a benefit to me. But it-it was the sales skills, the sales grit early on that got me through '08. So I've got Northwestern Mutual to thank for, you know, learning how to prospect. And that got me through a really challenging market. So grateful for that.

Alan Moore: [00:13:22] So how many advisors and how many total employees do you have now?

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

Reese Harper: [00:13:25] To be totally honest, we would have to call Justin right now. He's my COO who I hired. I haven't been actively there for about a year and a half now. I still but I can guess at it. I would say it's I know it's between 20 something and 30. So in the twenties we'll say mid twenties, probably above 20, but below 30.

Alan Moore: [00:13:48] And I'm curious that journey you're really you're getting to what the top end of what we would call then the boutique and moving more into enterprise which by definition you probably are enterprise because we, we think we like to look at enterprise as are you a financial planner? Are you a business owner or are you both? And if you're just a business owner, you sign it. That's when you really hit that enterprise side. The owners of boutique.

Reese Harper: [00:14:11] So I am a financial planner for that company. I get paid on my production still as an employee and I have 30 households and generate a good chunk of revenue. I'm maybe \$1,000,000 of revenue still that I'm generating myself, and then I get paid a percentage of that, just like every other advisor in the firm.

Alan Moore: [00:14:32] Okay, so. All right, I'll take it back then. You're sitting at the top of that boutique range, which is cool. So when did you decide or did you decide was an intentional the type of business you wanted to build? Because I'm assuming there was a time where, I mean, you're making great money, you know, things are growing and you make the decision to start hiring. You make decisions, start hiring other advisors and that sort of thing. Like did you was that an intentional decision to just sort of happen and work out this way?

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

Reese Harper: [00:14:58] Yeah, I mean, the choice for me always had to do to get to where I'm at today, which is solving a bigger problem that I see in the industry. And I couldn't get to where I'm at today, building Elements without getting out of production and getting other advisors to sort of experience this with me. And I saw an interest that I had in improving the unique economics of the financial planning industry, like bringing advice down to an accessible level so that it wasn't so expensive because it was really hard for me when I started growing my firm at Dentist Advisors to not. I was overwhelmed really quickly with how hard it was and how expensive it was to deliver personalized advice to a client. It was just really hard and a lot of spreadsheets and a lot of time and a lot of hours, and I couldn't replicate myself very easily. So, I mean, part of I guess it was a lot of reasons in hindsight, 2020, it's easy to like speculate at what they are now versus what they were then. I think I just had an interest too though, and just making things better. And I wasn't really thinking about like the financial side, like making more money was a good sign to me that things were working. But I've made from a cashflow point of view, like I've always kind of made the same amount of money my whole career. I just keep improving things and reinvesting profits and. You know, usually when profits pile up after a while, there's a chunk of cash there. And I just think about what can we do to grow the company? I have yet to take a I mean, I've taken very small dividend checks out of Dentist Advisors. We've just let cash continue to grow to help support the growth of the business and invest in new expansion opportunities.

Alan Moore: [00:16:47] Awesome. Yeah, I feel much the same way you do about about it, but it's like I don't know how to stop. Like I don't know if it's my ADHD where I just like, I always need something that's a little new and

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

different. Like the idea of just like stopping not doing new stuff, not hiring like that, just that's hard for me to imagine for myself.

Reese Harper: [00:17:08] I mean, I was with Carl Richards yesterday. We live close and we were on a walk which a walk for Carl is like, we're going to go for eight miles and climb 3000 feet, which works for me because I love hiking. But we -

Alan Moore: [00:17:23] Yeah be warned.

Reese Harper: [00:17:24] We're on a multi hour walk and we were talking he was talking to me about the same question. I was asking him the same question and it was cool to hear his response, but I'll give you mine. His was much more interesting. But my response to like why not stop was like, you know, my happy place for me. And I would I'm married to a Japanese-American that grew up in Southern California and is really a Californian, but she has like strong Eastern influence kind of in her blood. And I grew the last few years I've been really interested in this concept called ikigai. Ikigai, and it means life value or, you know, the purpose of life. And the Japanese since like the fourth century have been like talking about this concept of this. It's four concentric circles of what you love, what the world needs, what you can get paid for, and then what you're good at. And if you kind of continue to if you ever focus on one area too heavily over the other, you won't be centered and balanced. You won't find your ikigai. And for me, like when I focus too much on money or rest or vacation or chilling or like want to take like a, you know, when I am not working for too long, I get out of balance. And when I'm too focused on what I love, which is like music composition or writing, then I get out of balance. But if I bring all those

[XYPN Radio](#) with Maddy Roche

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

things into my life at all times, I can kind of stay really balanced and it kind of feels like one, Carl said. He's like, it's kind of like one foot on the bank of the river and one foot in the turmoil of the river. And you're just kind of that's your balance, you know, you just kind of always intention and you feel good there. And then you can rest while being an activist kind of engaged in your life. And for me, it's -

Alan Moore: [00:19:23] That's Carl's way of excusing why he doesn't take any time off.

Reese Harper: [00:19:26] Him, and I approach it differently. I don't actually. I think we have different approaches to this, but that's my approach. And he was just kind of like, what it is for me. But anyway, I, that's-it's fun to do things that I feel like are a balance between what the world needs, what I'm good at, what I can make money doing, and then what I love. And, and that's just led me like here. And as long as I keep that balance, it feels good and I'm sure when I'll just keep making adjustments. So.

Alan Moore: [00:19:58] Right. I love that. All right. So let's talk about the niche of dentists, because some people get accused of their niche is really just marketing ploy. And I really like the definition of a niche. This comes from Steve. Steve Wershing around that niche is a problem that you're the best at solving. So what is the problem that dentists have that you're the expert in solving that if they came to me as the advisor who works with individuals, families, business owners and women, the typical generalists, like what? What do you know? What do you do? What services are you providing that I would not as-as someone who does not specialize in working with dentists.

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

Reese Harper: [00:20:44] Man this is like right up my alley. So this is a very philosophical question. So thank you for continuing to pound the philosophical kind of direction. It's functional too, but like a dentist to me or any niche is actually it's-it's every let's just say every person has functional jobs they want to get done and they have emotional jobs that they want to get done. And I write about this a lot in my blog. I'm at go to the advisor.substack.com. That's where I write a lot about functional emotional jobs. There's two people that read it.

Alan Moore: [00:21:21] So we will put it in the show notes. So you get a third person.

Reese Harper: [00:21:23] Yeah. So. If you go there, you'll see. Like, I'm kind of passionate about really defining what it is to what a job is. So like, I don't like it to just be really fluffy. So a job is a verb and an object or a compliment in a sentence, and then some context. So a job might be refinance my debt, so I fill in the blank, maybe feel better or, you know, reduce my interest rate, something like that. So like everyone has the job of refinance my debt, that's a functional job. But if you want to know how to refinance debt like the occupation really matters of the person that you're talking to because the lenders are different and the specialization of those lenders are different. And I could make the same argument about investing or insurance or estate planning. Occupational specific jobs exist, they do. And niche specific jobs exist. It's less it's harder to find. So-so in my view, what makes a true firm specialize or when they really find product market fit is when they've uncovered both functional and emotional jobs. And the emotional ones are usually the ones clients care about the most. But when they uncover unique jobs that only exist in that niche and you can write

[XYPN Radio](#) with Maddy Roche

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

them out with a verb and an object or a compliment and some context. And if you can write them out real clearly, like monitor student loan balances, like that's not everyone has that functional job to do. An emotional job might be help me feel confident about my job as a dentist. Help me feel confident about my income as a dentist. So they'll say like, I want to just feel good about staying with this employer or should I open a new practice? Those aren't really functional jobs or emotional jobs, but you can't serve them as a-as a business if you don't know how. If you don't know the niche, if you're not in a niche, it's really hard to uncover them. So the longer you're in a niche, it's amazing how many jobs you can like start uncovering. And it's like, Oh, there's a new one. Oh my gosh, there's a new one. And so that's what creates the difference in your subscription model. That's what creates the difference in your AUM fees. Like a lot of people ask me like, how do you guys charging like a point and a half on assets plus 4.95 a month in a base planning fee? I'm like, well, we just do a lot more functional and emotional jobs than you do for this niche. And then they're like, Oh, well, I charge 195 a month and I don't even have an AUM. I'm like, Good luck trying to steal a client of ours because you don't do as many functional and emotional jobs as we do.

Alan Moore: [00:24:04] Do you think it's that they don't do as much or they haven't identified what they do? Or is it?

Reese Harper: [00:24:09] Both, it's probably a both thing. But I think you can't do them until you identify them and you can't you just because you can name it, just because you can name it doesn't mean you know how to function the job map, like the job map requires a lot of different steps. And if you've never done it before or you've done it once or twice, you're not as good as the person that's done it a hundred times and you're not as cost

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

effective at doing it either. So I can actually do more functional jobs cost effectively and more emotional jobs cost effectively because they're the same job maps that we're doing across every customer and that really gives us some efficiencies. And then we can lean in to those messages and marketing, which give us better conversion rates on sales and.

Alan Moore: [00:24:54] I can definitely see the marketing benefits of having really mapped all of those jobs out because then you're you're able to speak to those very specific pain points.

Reese Harper: [00:25:01] Now, my, would my employees at Dentist Advisors really be able to like articulate those all perfectly? Or is it more like just an essence of the way they've worked for ten years? Right. Like, we don't we're not dogmatic about like, which job are you working on right now? I will. It's sometimes we are. I mean, that's what Elements, the software that I'm building on now was in spreadsheet form. I mean, it's just these job maps like really clearly executed, right, and unpacked. But it's more I think it's more organic over time and and it becomes just second nature to the people that work in that niche.

Alan Moore: [00:25:44] So you mentioned student loans, obviously something that the dentists are dealing with, high student loan -

Reese Harper: [00:25:49] Like practice acquisitions. We're talking about like big debt, like issues. Debt is a huge factor. They've got practice acquisition debt, they've got equipment debt, they've got regular like cone beams and cone beams or 3D x ray machines. They have like tenant

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

improvement expenses and cost segregation on buildings. That's a really common issue. They've got different like times in their life where defined benefit plans make a ton of sense and times when they don't. A lot of dentists, if they're employed with someone that's very different than if they're self employed, it-it's a. So there's a lot of debt related jobs, a lot of real estate related jobs. There's more insurance jobs just because they are often they have like coverage both inside and outside of work, depending on their employment situation. And their cash flow is like very different to from the average person. It's a super high cash flow with a high debt to income ratio. And-and then that fades over time and gives them more free cash flow. But because they have so much debt early on in their career, they tend to want to pay that off really fast with what limited free cash flow they have. And then that leaves them in a tight financial position and is kind of painful on their psychological well-being. They're not very liquid, but they're aggressively paying off debt. Those are some of kind of the general jobs that you can kind of see are unique.

Alan Moore: [00:27:13] So-so just from a systems process standpoint, do each of those jobs have a procedure or process in your firm?

Reese Harper: [00:27:23] Yes. And like, for example, like the debt job, we kind of view that as a job map. And there's going to be certain steps that have to go into that job in order to properly address that issue. So and then each job has like a certain amount of aging that you align with that. So you're not going to review debt like every two months, but you're going to review it not every three years. So we review that one annually where you might review estate planning only every like two years, where you might review insurance every year or cash flow every three months. You know, every job is going to have like a cadence of aging, like an aging date on it,

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

and then a job map and then a metric or a rubric like a score to determine what categories someone falls in. So like debt would be like below 5% would be like atypically low, 5% to 15% would be low, 15% to 25% might be normal. 25% to 35% might be elevated, 35% to 45% might be high. And then 45% and up is atypically high.

Alan Moore: [00:28:35] And that's debt to income or debt to net.

Reese Harper: [00:28:39] Debt to gross income, total debt payments to gross income. And so we use that and kind of say, okay, is this alarming? Is this normal? Is this average? When I started, I didn't have like conviction around bands. I didn't really know. And probably for each niche it will be a little bit different. Sure. But like and we've gotten to the point where we have enough data to where we can actually like put together like benchmark comparisons or say, hey, if this sample of 100 people that make what you make and are your age, like the average debt to income ratio for them is 37 and you're at 31. And that just gives you a ton of power in terms of your ability to monitor finances and not have to dive into deep analysis. You can just create a much more efficient way of addressing financial health than if you didn't have that data.

Alan Moore: [00:29:35] And are you providing that to clients? Like, is that a report?

Reese Harper: [00:29:38] Initially when I was there my-my ten years, we were giving that out in a PDF every month and periodically creating a summary score. Right now, they've kind of moved away from giving the

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

benchmarks away and shifted more towards heuristics. Like, like I was just sharing just because it got like a little emotionally competitive and it was a little hard for some clients to process being behind. And now they just use those benchmarks in sort of a private setting with clients rather than just giving them a report and having them feel the emotion of that. When I started, I wanted the client just to feel the emotion of the benchmark comparison so that they would take action and kind of be stimulated to move. But I you know, I'm only one person among dozens that have opinions. And I think that it's probably. Really good from on the front end. If our industry could do a better job of sort of surfacing benchmark comparison data to prospects, I think people would be more likely to engage in financial planning. But as a-as a ongoing practice, I think you can kind of limit that exposure and kind of focus on the clients own data.

Alan Moore: [00:30:57] Super, super interesting. Because I think, I mean, it's a little bit of self while not a little bit, it is a self selection bias that you're comparing them to other dentists who care enough about their finances to hire you and pay the fee that they're paying, which is not a statistical example of of the population of dentists, however. I mean, we do this XYPN right every year. We do a benchmarking survey and do and publish a study so that people know on average in year one, you can expect to make this 2, 3, 4. And yeah, and usually what I hear is, well, I guess there's three answers. One, like I am right on track, which is great. Wow, look how much better I am and how much further ahead. And then I hear the like, well, why are we comparing ourselves to others? Which means generally they're- they're behind what those numbers show. And they're feeling a little. Yeah, they're feeling defeated. They're feeling like, well, well, let me explain. And it's like, look, there's no judgment here. It really is. Just to show sort of a typical track and everyone's on their own journey. I mean, my kids have giant heads like all of them are in the 99th percentile. And I was asking the

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

doctor about it and she said, Well, Alan, someone has to be in the 99th percentile for there to be a bell curve. So some people also are in the 1%. And I think my wife wishes we were a little on the mid-tier size. But, you know, that's something that I think it's hard to conceptualize, but I've never thought about that from perspective of clients. I've only thought about it from advisors in their business. But when you are in a really well defined niche, you really have the ability to start showing some cohort analysis.

Reese Harper: [00:32:31] Yeah, and I'm doing that. I don't know. We haven't really jumped into where my career is at now, but that's the big focal point for me. One of the big focal points of building this into a larger platform for advisors to do financial monitoring and analysis on a cohort level across their book and across the industry. Because I think that right now, if you to take a little bit of an aside like because it's relevant to the Dentist Advisors story, if you look at like the medical industry and I just wrote about this on my blog this morning, the doctors are the most trusted professional in the country. Financial advisors are one of the least trusted. In fact, more people distrust financial advisors than trust them, according to a variety of surveys.

Alan Moore: [00:33:18] Yep.

Reese Harper: [00:33:19] Why is that. Why do we have low trust metrics in medicine has high. Well part of it's they've been around for like who knows a thousand years I Mesopotamians when doctors started treating people like they've had some time folks to like have some brand name recognition almost as high as accountants. I think accountants actually did start in Mesopotamia. So that's like they have had like thousands of years, right?

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Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

But at least hundreds and hundreds of years of being a well respected, kind of like professional tax and medicine. In the medical space, though, you have like very concrete heuristics that guide their objectivity. So blood pressure is 140 over 80, which is atypically high. Right. And, you know, your cholesterol level can be scored and your FEV can be scored to check your lung capacity. And there's all of these things you can objectively put on a scale and be like, this is low, this is very low, this is normal, this is high, this is very high. Our industry right now has a credit score. We've got a Monte Carlo simulation. We have a probability of success. We have some withdrawal rate analysis. We have a few things, but we don't have a lot of financial health heuristics, and we don't track and monitor financial health comprehensively. And that is the reason, in my opinion. We have a somewhat low trust level among consumers is because they feel like our art. We like to talk about it as an art. You know, it's safer to call financial planning art and science, but I'm still waiting for the science. I see a lot, a lot of really fancy art just.

Alan Moore: [00:34:56] Because a lot of advisors think they're doing science when they really are doing art.

Reese Harper: [00:35:01] Yes. Like it's we have to be careful. Like, do we track liquidity? How do we score it? Do we track savings rates? Do we track spending? Do we try -

Alan Moore: [00:35:09] Well, it depends. It's all individualized based on an individual's client's individual needs and wants and all of that.

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

Reese Harper: [00:35:16] All oriented towards a wealth maximization, maybe outcome in most cases. Right. And the truth is, like most people aren't actually only thinking about wealth maximization. They're like going like, am I doing okay, Reese? Like, am I doing okay? And if the only way I can tell them if they're doing okay is relative to this Monte Carlo simulation. Then, like, how do I-how do they feel safe? Like, how do they how do I know? Like, if they're really okay? Like, if someone's spending personal spending for their income level is 30% above a peer group average. That's interesting for me to know and quite helpful because objectively they tend to spend more. So at least I could surface that. Like I was joking with Carl. I'm like, if you spend five grand a month on food, dude, like. Which is I don't know if that's true or not. He was kind of just saying he spent a ton right on food and I was saying, me too. But it'd be nice to know, like, relative to some kind of normative standard. Right. Am I spending a lot like or am I just normal? Because that's the pain I feel as a customer or a client is like. If all the other jobs we do as financial advisors go away, they just we're gone. All the acute pain jobs of like, I want a Roth conversion or I want a life insurance policy, the one that's still left at the end of the day, that will never go away. And the client will feel the burden of this their entire life is monitoring all of their stuff. Just it's monitoring all of this mess. It will never go away and it's going to get worse and worse. And until someone monitors all that for them, it will still be on their plate and they get stressed and they worry about it. And then they hire someone and then they quit monitoring and they're just like, Oh, it's so nice. But what they don't know is the financial advisors sometimes aren't monitoring it either. It just feels like they are right. So anyway, I'll stop.

Alan Moore: [00:37:09] No, it's super -

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

Reese Harper: [00:37:10] - thinking about all of that.

Alan Moore: [00:37:11] No, it's super interesting because I think, you know, the reality too is that life in general is getting more and more complex. Life is more complex today than it was 60 years ago. There's- there's more going on and people are just busier.

Reese Harper: [00:37:26] Yeah.

Alan Moore: [00:37:26] I mean, I think that's the other thing we don't talk a lot about is that in general, just Americans in particular are just getting busier and busier and busier and they spend less and less time actually paying attention to these things. And so -

Reese Harper: [00:37:36] FinTech keeps eating some of the functional jobs, some of them sure, FinTech keeps eating, but FinTech does not take over this need to monitor it all.

Alan Moore: [00:37:48] Well, I would say tech starts to streamline much of the non value add task that we provide our clients. So because I never had a client say I am so grateful you can open an investment account in 30 seconds instead of 2 hours because and so FinTech has taken that process from 2 hours or days to 2 seconds rebalancing and that sort of thing. But, but what it's letting us do is spend more and more and more time on the higher value add jobs that we have with our clients, which is

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

what you're talking about, is that those are the things that just never go away in my mind.

Reese Harper: [00:38:25] Yeah. I mean, I don't know if this is if I'm just beating a dead horse here, but like for me, another way of saying that is the functional jobs. Some of the functional jobs get eaten up by tech. Right. Open an account. That's a functional job. But like. What is-what even though it's eating those functional jobs up there, it's giving birth to this heavier weight of monitoring that just gets heavier and heavier. And monitoring may not mean the same thing to everybody. You can call it something different, but just looking at everything and figuring out what to do. That's what I mean by monitoring. Most clients don't want that job.

Alan Moore: [00:39:03] Well, not the ones who are hiring us. Right. The delegators -

Reese Harper: [00:39:06] Right. Most people who are going to hire a financial adviser, they don't want that. But sometimes we don't call it that. We call it like financial planning. We call it financial planning. And it's just not concrete enough for people to wrap their head around. But when you tell in my experience, if I tell a dentist, Hey man, I monitor like a bunch of different financial health indicators kind of like, and I use it for dentists. I use the example of instead of the doctor example, I use a dentist example where they have in their teeth they the dentist measure gum recession by millimeters. So I just said, you know how you have like a two millimeter retention on this tooth and give them a dental analogy. They're like, oh yeah, that's kind of cool. I said, We look at that with every patient, right? Yeah. That's why people are coming in to your every six months, you're

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

monitoring their oral health. That's what I do. I monitor financial health. Here's the indicators I use. And if you want me to do that job for you, I can monitor all of your finances on all of your areas. And they're like, Yeah, I hate doing that. Okay, I'll sign up.

Alan Moore: [00:40:10] But it's great because I hate monitoring my gum health. So that's why I go to a dentist.

Reese Harper: [00:40:15] But like, but they come to you usually for something more acute than that. They'll come to you for a, for something painful where they're screaming for pain, like, I got this Roth conversion that I know I'm supposed to do because I heard it on Dave Ramsey and I heard it on Suze Orman. But once that functional kind of acute job is gone, which one did you sell them on that is still there for them to keep coming back to you for? I still think there's this heavy burden of looking at it all and deciding what to do next. And-and I think that's still going to be there for ever. It's just more of a precise way of describing it. That, for me has led to higher sales conversion rates. So for what it's worth, folks, if you want to test it, I do think it helps with prospecting.

Alan Moore: [00:40:56] Yeah I mean, I love the analogy with the functional jobs getting eliminated by tech, but then again, you get hit with the emotion. I can there's great tech out there that will tell me as a consumer if I need to do a Roth conversion and then I see the tax bill. And do you think I do a Roth conversion? Heck, no, I don't. Do what? I mean, hundreds of thousands of dollars in taxes. Like, there's no way I'm going to pay that.

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

Reese Harper: [00:41:21] The emotional jobs are more they like. You're just acknowledging they are more. I would say clients value them more.

Alan Moore: [00:41:28] That's why they come to us. I mean, that's the part of our job that I'm never worried about us losing. It's the heavy part of the job that I worry that some people didn't realize they were getting into. But I see more and more folks getting into financial planning because of the emotional jobs then the functional jobs.

Reese Harper: [00:41:43] Yes.

Alan Moore: [00:41:44] Which is -

Reese Harper: [00:41:45] - My most, it was funny. I posted this on Twitter yesterday. I couldn't believe how many people were like liking the emotional jobs post. I just I was like just a statement about like how important emotional jobs are. And it's like everyone's like, yes. And I'm like, okay, like and in my experience, it's about a 50. Here's-here's been my experience. They don't come to you upfront acknowledging verbally that it's an emotional reason. They don't they're not going to tell you that.

Alan Moore: [00:42:12] They don't even know. They don't know a lot of times.

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

Reese Harper: [00:42:15] And it's hard to attract prospects to with emotional jobs like I'll help you be an accountability partner. How many people you think put that on like a needs list? You know, I'm writing for an accountability partner. It's like, you know, that's what you do. You know, that's what they need. But you have to educate them on that need. And they're not they're not going to respond to that in a sales context when they don't even know you. So I think they come to you for the functional and I like this like monitoring functional job like front end lead because it's really tangible. And then when they say get in, you can keep them and retain them with the emotional jobs that we know they stick around for. But if you sell them on a tactical one off thing, I feel like you have to resell them at some point when they're disappointed with your services because you don't have any new thing now to do for them.

Alan Moore: [00:43:03] Don't have any new tactical things.

Reese Harper: [00:43:05] No new tactical stuff. So all right.

Alan Moore: [00:43:07] So I know what listeners are thinking of, of just like, but how do you do that Reese? And I'm assuming this is what ultimately led you down the path of building some technology. So talk about I think we've covered sort of what are the pain points that you were experiencing when you're trying to do this at scale? It's one thing to do for ten clients.

Reese Harper: [00:43:28] We had Salesforce and spreadsheets and Excel macros and Adobe InDesign, and it was a cluster. It was awesome. But like, you know, Jacob and Kay and Ryan and Matt, like, everyone was just

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

like overwhelmed with the automation of all of it. It's too heavy. It was like, you have to get eMoney to push data to Salesforce and then get Salesforce to push data out to the spreadsheets and then get the spreadsheets to link up with Adobe InDesign and then do a mail merge and print all the reports. And we had to use Google Forms to get people to respond, to verify data inside of Gmail and then leak that out so that we knew that we had audited the data and we didn't have good data, aging automation. So we weren't really sure when the last time every piece of data was updated and it was just like a frigging cluster. Now we were able to grow to millions of dollars of revenue in that model and have good client profitability and have a growth rate that was north of 40% sustainably for several, five years. It was good. It was a good, sustainable, high growth business. But it hit a point where I was like. Man. I think this is the future. Like, I think the future. I think all the functional jobs are going away. And I think the only one that's going to be left is monitoring. And if monitoring is the only one that's left, how am I going to monitor? And then it's the only functional job. The emotional jobs are still going to be the 80% of the value. But it's not quite I can't do the emotional jobs well if I don't have a good view into my client's finances. And I think the future is me sitting at a desk, not lifting a finger ever, looking at a screen, seeing my client's data through a beautiful dashboard that I never populate. And then they're going to just be on the phone with me. And the more hours of phone calls I do, the higher my hourly rate is ultimately going to be. And I'm not going to that. That was the imagined future from like five years ago or six years ago or seven years ago. And it's just because I saw, like, all these really high venture funded startups like. They just have better product. I mean, they just. They've put more money. Our industry isn't building tech like at the rate that these VCs and are building and I'm like. If I was scared. Honestly, I was a little scared for my job in my future and my career. And what was interesting was like seeing how at the time when I decided to go from Dentist Advisors to building Elements a few years ago, just watching like Robin Hood struggle and Wealthfront struggling like

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

watching all these firms like struggle with like they got average deposits of like ten grand a year or something or their average account balance is ten grand, you know, like it was just like they weren't getting clients to engage. And my team, we were doing all these experiments with direct to consumer to test. In my early Elements, customers know we were like trying to explore like what would make a consumer engage to-to sort of do their own stuff and get their data in so the advisors didn't have to. And it's just really hard to get someone to engage without a human on the other side because the client doesn't want to monitor their stuff. They don't want that job. And they when they when they're putting it into an app that they know no one else can see. Then they're worried they're going to be stuck with the monitoring job. And so how we how we got to where we're at today was mostly just patching it all together like all of you are doing your best to do. And where I'm at now is a little bit different and we can talk more about that. But that's the the journey.

Alan Moore: [00:47:15] From, I guess, high level. What what is elements at a high level? We've talked about the monitoring component and just sort of the why.

Reese Harper: [00:47:22] Yeah, I would just say Elements like empowers financial advisors to monitor clients financial health, you know, that's what it does. It just empowers advisors to monitor a holistic set of jobs, you know, and at a book level and an individual level determine what's the appropriate kind of rational next step given the client question that's coming in. So I see firms like using it to launch. I mean, they're using it to prospect. They're bringing people in to prospect with it because it's like, I'll show you a set of scores and tell you how you're doing right now compared to a peer group. Or they're launching a membership model where it's like, you know, I'm not

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

going to do like 1 to 1 here, but I'm going to do one to many planning and I'm going to sign up people at 79 bucks a month. Dentist Advisors right now for the first time in the last few months because I didn't have the product ready, until like we didn't launch Web until friggin April. We both Android and iPhone and as you remember like we had an app to start with I was it and because we're trying to get the client experience at least the focal point because we knew we needed them to like engage in a native mobile data entry experience. But the-the app currently right now it's been like only a few months of watching people on web and for advisors, advisors the only ones that have web right now because that's where they want to work. But at Dentist advisors they I saw for the first time. Something really interesting for me, which was they have all these advisors at my firm. They have capacity still. You've got, you're always wanting more clients. You have to hire a new advisor, even if you only have like three clients next month for them to take. Right. And see how all this capacity. But you have to wait for them like for four years to get full. But in the interim, if you compare their time with these one off consoles from people that don't want comprehensive, full service wealth management, if you can just pair a one off console from a client that's like smaller or younger and Dentist Advisors started a membership program. I think it's like 79 or 99 a month or something. And then that gives people access to do one off consoles and they're doing like 500 something a month or 500 1 time consoles. I think it's like 595 for a 90 minute session or a 60 minute session or something, watching an advisor just like show up, look at the screen. Client has to populate all the data. Elements is a scorecard that lets you just look at these key indicators, like blood pressure and cholesterol. And, you know, we talked about and then when the client asks you the question, you can just respond, right? But you don't have to do analysis like you don't have to take the time to go deeper and I'm not ripping on. This is not the end of traditional cash flow simulation and long term estate forecasting.

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

Alan Moore: [00:50:24] But you're not trying to replace financial planning. Financial calculation engines like RightCapital and eMoney, that sort of thing.

Reese Harper: [00:50:30] Yeah. I'm trying to open a new market where we haven't been before. Grow my book, attract more prospects, convert them faster. And then when I need to do the in-depth analysis, I just kick the data over and run the, you know, the more in-depth analysis. But clients explaining to a client a simulation or a cash flow model or a district analysis. Too tough. Too tough. I don't want to go there. And so I need that. For me, that's an advisor tool so I can have confidence before I tell someone to quit their job that I'm not, like missing something. But that's what I've it's been super cool. It's like all that revenue that Dentist Advisors is picking up from this new service because these people, I mean, we got a podcast with a million downloads and 30,000 monthly listeners. It's-it's a niche, but like, yeah. We have less than 1000 clients. If less than 1000 clients and we've got 30,000 listeners.

Alan Moore: [00:51:28] Right.

Reese Harper: [00:51:29] They're not going to like what percentage of that group is going to buy full comprehensive planning, 1 to 1 for ten grand a year, eight grand a year. It's a small number. It's always going to be a percentage. But it's yeah, we're missing in America right now. We are missing like 50 million households that I think would pay 500 bucks for a one off console. But we don't have a way yet, and that's the opportunity I'm pursuing with Elements. We haven't had a way to sort of let the end client

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

go through the headache of self onboarding, showing me a scorecard that lets me just spend an hour like we just haven't had-

Alan Moore: [00:52:04] -Provide real value in that our.

Reese Harper: [00:52:06] Real value and I-and I had to be really careful to not like I'm not saying it's perfect, but like that's the goal. It's, it took me ten years to develop the scorecard of having the scorecard be wrong for ten years, right? And now it's enough where I'm like, I'm not really missing anything unless the question is like a super complex scenario analysis like, which I'm not going to that's do it on one scope console this customer. Usually if someone has a real complex scenario analysis, it's usually because they're already a private wealth customer and. Right, but they're usually this market of we call them rising stars clients. They're like still accumulating, still looking for, you know, they're-they're-they're in the accumulation phase. I just want advisors to be able to capture more of those people so that more people get advice, you know?

Alan Moore: [00:53:00] I mean, said another way, Michael talks about this in some research on his platform. But I mean, you really have three groups of clients. You have the DIYers who will always do it themselves. They are-they're almost never going to hire a financial advisor unless they just can't figure it out. You have the validators who they do it themselves, but they they still want an expert opinion, second opinion to come in and sort of check in and be sure they're getting it right. But they're not going to they're not handing over their investment management. And you have delegates who they come to us and they let us take everything over. And historically, the industry has only served delegates with \$1,000,000 or more. Right.

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Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

That's just that's been our market. And what you're talking about is being able to serve delegates who don't necessarily have a million assets. But really, it's that validator model that they're coming to you and saying, hey, I want to know if I'm on track. I've got a couple of questions. I just want to be sure that I'm not missing something around the corner. And that's historically the advisory space has not particularly the fiduciary advisors have not served that client base whatsoever.

Reese Harper: [00:53:59] Yeah. I mean, I think that is our that's our current what we call ICP, that's our initial customer profile that we're going after for sure, I think. And it's working and that what I've found though is that current-the current tech stacks out there don't do a good job of monitoring finances in general. Right. And the monitoring job exists for the DIYer. It exists for the client that's really wealthy and it exists for that client in the middle. But I'm you know, I'm hesitant to say that the monitoring job exists, like monitoring job can't be done through existing means. But like right now, like it just isn't like the CRM is the place where this monitoring would have to be occurring, right? For the most part.

Alan Moore: [00:54:49] The systems are not. That is not.

Reese Harper: [00:54:51] There yet. Yeah.

Alan Moore: [00:54:52] That is not the product that we've been trying to build in the industry.

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

Reese Harper: [00:54:54] No. And I look down market and I'm like well the DIYers like that, I know they don't want comprehensive wealth management, right. But a lot of them want one off chats. And the guys that I just saw, the clients that just signed up for Dentist Advisors' membership model. Yes, they're those middle that middle group, validator. Yep, they are some. But dude, I just saw a video of one that I know is clearly a DIY and he says, he's like, you know, I'm just more of a I got my accounts at Vanguard. I don't really care to like have an advisor or manage my investments. And I don't really need to talk more than once a year because like, if I could pay you guys like a grand or 1500 bucks a year and like have this kind of a conversation, he's like, this has been super helpful. He's like, This is exactly what I need. I'm like, Okay, that's sweet. Because like, the advisor I have sitting there just made, you know, 300 bucks to have that one hour call. And he's stoked, right? And I'm stoked because that one hour that was sitting there vacant wasn't being utilized.

Alan Moore: [00:55:53] Yeah. It's a good way to fill capacity for your advisors.

Reese Harper: [00:55:54] And the clients stocked because he's like, you know, I don't want to do this totally on my own. Like, I'm not no one's how many people are that arrogant where they're like. A niche advisor that only works with dentists, and I happen to be a dentist.

Alan Moore: [00:56:07] They couldn't provide any value to me.

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

Reese Harper: [00:56:09] -Any value in an hour. I'm like, Dude, we just got \$595 of value out of a DIYer and we have no obligation after that meeting. We've got no follow up, we got no case notes. It's just like sit there and react and they inboard. They put all our data in. So that was the you know, I don't want this to sound self-serving because I think everyone can build a monitoring system in your niche. I did it without tech and I it's just very expensive. And so I wanted to try to accelerate the path forward. And I'm not the only one that's going to be doing it. There's going to be other people that see this future and they're going to go, okay, this seems like a pretty restate it. Okay. But now that we've seen how much he screwed up, we'll build it better and faster and we know where he made his mistakes. And I'm just excited to like that.

Alan Moore: [00:56:56] That is the path of innovation.

Reese Harper: [00:56:58] Right. And my bet is, well, I'm the first one there. So, you know, I got to go hard and fast and hopefully I can get some market share and have a stable base. And so it's been fun just because I see like a lot of non-profits who haven't been able to provide access to their members before or credit unions who are like, man, we serve underprivileged communities and this is perfect for us. And there's a lot of like institutional needs at the large RIAs or in these small firms, boutique firms, there's a lot of XYPN members where I'm blown away, how effective they're being at like launching membership programs that are more one to many and scaling with it. It's cool. Yeah.

Alan Moore: [00:57:40] So the last thing I want to ask you about is just and I get emails from XYPN members from time to time who are like, Hey, I

[XYPN Radio](#) with Maddy Roche

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

have this pain point. I'm thinking about building tech. So I'm reminded of the conversation with, with Shane and AJ from BrooklynFi. They-they started to build their own tech or they did build their own technology platform to monitor stock options. You know, we went down this journey where we ended up building AdvicePay and I have no background in technology, but built a tech company and made a lot of mistakes, which I think is why people call me to find out all the mistakes I made. Can you just talk about the journey one into building tech -

Reese Harper: [00:58:14] While you say that I get that call almost every other day. Oh, you have to do it. Can you tell me what not to do? I'm like, Yeah, man, I'd be happy to help you.

Alan Moore: [00:58:22] But don't build tech. I can tell you that now. So can you talk about just the shift and just, I don't know, any culture shift or mindset shift that it took for you to start building tech. And then the second question I have is around the decision to make it available to other advisors instead of proprietary and instead of making this something that that you were just going to use in order to wrap and grow your firm even more, and provide this amazing value added layer that the next guy who starts into dentists for advisors to can just sign up for your tech. And now they get it and it's not proprietary. So can you talk about just the shift into tech away from financial planning and just how easy or difficult that was for you and then that decision process around making it available to the marketplace?

Reese Harper: [00:59:07] A lot in there. Let's see. The first one is. The shift.

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

Alan Moore: [00:59:13] Yeah. Yeah. Just the shift into tech. And was that difficult for you? Like, how did you figure out how to build tech?

Reese Harper: [00:59:18] Well, I didn't. Alan as, you know, as you know, like I don't feel qualified to say I know how to build tech. Even though I've built a successful venture funded technology startup, I still surprises me every day how hard it is and how challenging it is. And I'm just glad that we have a-our team right now at Elements is almost I think we're at 20 we just hit 20 people and it's amazing. It's fun. It's a blast. It's so fast and it's so scary and risky. The way I chose to do it was not bootstrapping. I mean, let's put it this way. Yes, I tried bootstrapping. I bootstrapped for almost a year. I took all the profits from my RIA and tried as best I could to get this thing off the ground. I had a choice to make at the end of I mean, I could either, you know, I had a successful RIA and that was subsidizing a technology startup and that tech startup. What needed to continue to have more developers and grow and really have me either commit. Or I needed to just like call it good, right. And not keep doing this. The evidence was too strong for me to want to quit. But if the evidence for any of you who have tried bootstrapping, if you don't have like a prototype that's actually getting traction and people aren't willing to write you a check, my first checks, by the way, to give me confidence that this business had legs came on the back of a spreadsheet. So the first product I sold was a spreadsheet. I sold an open access Google sheet with all of the KPIs at Elements and I just advisors could have stolen them and just taken it and run with it like it was just on. Your Honor, I'm going to say the spreadsheet and one of our first firms, some of my favorite people in the world that now Panda Wealth, they were one of our first customers that bought the spreadsheet. And Daniel Hannoush is one of the most outstanding people I know. And it was just really interesting to watch him like this be a natural need for where they were at in their growth cycle. So we probably sold 12 or 15 customers on a

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

spreadsheet and that was the beginning of me starting to say, okay, I'm going to dump a lot of money into this and continue to see if I can make it work. So I ended up not keeping the technology asset inside of the advisory and putting it into Delaware C Corp and funding it with venture capital. That's a longer story and there's a lot of lessons there to learn.

Alan Moore: [01:01:50] Yeah, we could do a whole episode on raising-on raising money and managing investors and all that. That's a whole separate conversation.

Reese Harper: [01:01:56] And to get there, you know, I had to raise a little bit of money for my RIA to make sure that I was able to get it to where it needed to be without me as a founder. And I was also required it required me to raise money from a different set or different class of people to fund the venture backed startup. And today Elements is a Delaware C Corp with a Kickstarter seed fund is our main investor. They're just raising a nearly \$180 million seed fund. They fund about 20 to 30 startups every three or four years. They're one of the premier venture seed funds here in the Mountain States and then Grand Ventures from Michigan and Sass Ventures from the East Coast. We're kind of our first three institutional investors that helped with Elements, and we're still in our seed round right now and meeting with Series A investors right as we speak. So we're continuing to go that route.

Alan Moore: [01:02:57] That's awesome. Yeah, it's-it is really, really hard. Not impossible, but it is really hard to bootstrap tech. I mean, there are a couple of examples like MailChimp, they get held up as like, look, MailChimp can do it. Yes, they did. But a lot of times when I see bootstrap

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

tech companies, it was people who sold a tech company and that was fun, you know, that had funding and then then decided to bootstrap. But yeah, it's just expensive.

Reese Harper: [01:03:21] I would never do it again and I would do this same thing I've done this time again. I've known there's a lot of good people in the venture capital community that are really kind, they're empathic, they're good people. They they consider themselves to be the water boys of the industry. They're bringing you your water, their service. They're serving you as an entrepreneur. And then there's some that think they're God's gift and they're prima donnas and they treat you like garbage, and you just have to pick the right supportive investor. And, you know, I've had a lot of good experiences that, you know, it's always hard when you're when you go through a hard times and there's going to be many more hard times for us to come. But I would continue to suggest that people, if you can't get venture funding, keep working on your pitch. If you can't get venture funding, keep prototyping your way to where you can. It doesn't mean you have to do venture funding at all. But I do think there's advantages to it. And personally, you feel like you in today's evolving technology space, it's really hard to build a big tech company. It's hard to do it without a lot of investment from people who view you as just one of many of their chances, they're taking. So they throw lots of money at you.

Alan Moore: [01:04:34] Lots of opportunities.

Reese Harper: [01:04:35] Lots of opportunities. So yeah, we won. I mean, in a fund like 100 and \$7,080 million fund, there will be one company. So to fund \$180 million fund, they're going to see 1500 pitches for money.

[XYPN Radio](#) with Maddy Roche

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

They're going to pick 20, 20 people that get like 3 million and they'll pick 20 people that get like 500 to 750. And those are called pre-seed. And then of all of those, you're going to have like to make it through series A, you're going to have like three that make it and then make it all the way. You'll have one and yeah.

Alan Moore: [01:05:13] All the returns come from that one.

Reese Harper: [01:05:17] It's so scary. I mean, that is so scary. And just to think, when I watched how many pitches these guys have to go through to get down to their 20, I mean, the garbage, you know, pitches that come in, you know, from just someone on the back of a napkin saying like, I need the money and you just got to see all of these, because some of those founders that only have a napkin are the ones that actually have the idea. I don't want to turn them away because they might just be less capable of expressing themselves through a spreadsheet or something. And I don't know, I just really appreciate the industry of venture capital because it's not what people think it is. It's-it's a lot harder. I took a salary to start Elements. It's lower than anything I've ever made as an advisor, and I am underpaid by four times my market rate at a base level right now. Right. And it's just not I'm doing this because I really care. Like it's fun. And I love seeing the access that we're providing to a new market. And it's-it's just really rewarding. So.

Alan Moore: [01:06:19] No, that's awesome. I appreciate you sharing that because it's it is it's an interesting journey. I when we raised debt AdvicePay we couldn't find anybody. The venture funds would not give us money. So I ended up doing the family and friends round and nothing made

[XYPN Radio](#) with Maddy Roche

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

me want to be successful more than my parents putting \$25,000 into the company. So like it-it's like it's so true. I love the venture funds.

Reese Harper: [01:06:43] Full disclosure, I did the same thing. I do have I mean, I have my dad has money. And he was one of my I think he was my first check. You know, it was very small initially and he was able to participate in a follow on round luckily.

Alan Moore: [01:06:58] So yeah. But yeah. Talk about an incentive. Yeah. Because it is a little different with venture capital where you're like, oh, I'm just one of 30 that like it didn't work out. I'm fine. I'm sorry you lost your money. It is. When it's family, it's different.

Reese Harper: [01:07:11] It's hard. I got both right now, so that's a little tricky. But I think that's the beauty of it is you can you make the exchange, you're like, I'll work my tail off, I'll have low-a low salary, and hopefully I can work my way into providing making this thing work. And I don't know, it's just I don't think people appreciate like the ethos sometimes that went into you building AdvicePay or the ethos that goes into me working on Elements. These aren't like these aren't like hyper capitalist founders that are like trying to like make fast money. I didn't like not stay at the advisor like I left my advisory not because I'm like, let's go make even more money. It's like right.

Alan Moore: [01:07:57] They hope you hope to get a payout one day.

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

Reese Harper: [01:08:00] Well, we kept like having all these dentists that are like we're turning away, right all the time. You know, it's just like I just turning away people because I can't I can't bring my fees down that low. And I'm just like this model's broken, man. We only can service the wealthy. We've got to figure out a way to. And then when we service the people down at the bottom end, what do we do? And it's just platitudes from Suze Orman and Dave Ramsey. So now you've got this just this big gap.

Alan Moore: [01:08:25] So is that the answer to the question of why not proprietary? Was it to be able to have a bigger impact and help more people?

Reese Harper: [01:08:31] I'm like, I don't care about the money, like, and it's actually would have been more financially viable to keep it internally.

Alan Moore: [01:08:37] Yeah, that's what I was getting to because.

Reese Harper: [01:08:40] But like if I did that, Dentists, like we had dental stuff all over the app. I mean, it was practice term, it wasn't business term. I mean, it was practice loans that were the only option for business loans. We'd even call them business loans because there was only a dentist and we were trying to hyper focus it into that market. But at some point it was like it was probably a combination of two things. It was probably one me going, Oh my gosh, like. I don't know if I want to be on the other side of just having enriched like one organization with a product. And the other thing was, do I have confidence? In the cost of what this might look like over the

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

next decade. So without, you know, going back and like re sitting in that room with myself and saying which one was the tipping point? It was both of those things. It was both. It wasn't just like pure altruism, but it also wasn't just money. It was like. I think if we can get 50 firms, 100 firms, 200 firms to believe, like see the future and just say, you know what, maybe there is a world where financial monitoring is enough. Like it's enough for some access to care, right? Then we could create a whole new service line and expand care down market and give people access that didn't have it before and at the high end, we could bring costs down. Because now, instead of like forcing every person through the same kind of expensive process, we could say some people need it, some people don't segment our book, we're going to be a little more cost effective. So it was like, Man, if I could speed up planning, if I could reduce cost, if I could increase the size of our businesses, expand into the market. I just saw like how Dentists Advisors was only adding hundreds of clients a year. But if I look at the whole industry and I'm like, Well, man, I could get 1000 clients impacted within a month, a month, like just this month. That Elements if I look at the new clients that have come on to get some kind of conversation about financial wellness. It's like, dude, it's I don't know if it's thousands like it, but it's a lot like it's-it's hot. It's hundreds and hundreds of people in a month, you know? And I couldn't have anticipated really reaching that kind of scale or impact. So it's the money of paying for development in a native mobile system in a I mean, dude, our web interface is amazing in terms of the tech that we're using there. No refreshes data entry with automatic refresh on all the scores.

Alan Moore: [01:11:20] No. And I appreciate you sharing that because that's again, tech's a journey. It's really expensive, particularly if you don't make it proprietary. I mean, one of the things I mean, we-we've done this both ways, right? With AdvicePay, we chose to have it be a separate

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

company, get outside funding so that we could grow it. And quite frankly, we wanted to stay ahead of the competition in an area that we want to get far enough ahead to try to stave off competition. Whereas we built XY Archive, archiving solution in-house. We've chosen to not turn that external because we when I look at the other archiving solutions that are out there like Smarsh and Ronto and that sort of thing, like we only built 20% of the functionality that they had because it was the 20% our members needed. And then we built like 5% of stuff that none of them had that our members really needed. Like Facebook groups. Most advisors don't care about Facebook groups. We have a plethora of Facebook groups inside of our advisory base. So, so we built that. So like there are arguments, but I would also say archiving is like hyper commoditized. Like there's nothing that special about archiving, which is why like funding sort of this scale growth model like I don't really want to go take on Smarsh like I don't-I don't, that's not, that's not what we set out to do there, whereas AdvicePay is different. So there's a different growth story based on that. And again, I've seen advisors like Shane and AJ wrestle with this and they ultimately decide to keep it proprietary because the expense of turning it external is high because they then also you have user management.

Reese Harper: [01:12:46] It's really high, you get it super high. I could have all kinds of corners. I could have, yeah. All kinds of.

Alan Moore: [01:12:51] I mean, you don't have to set up for people to pay you. Like that's actually really hard is to get paid for the software like.

Reese Harper: [01:12:58] And tracking.

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

Alan Moore: [01:12:58] Upgrade and downgrade.

Reese Harper: [01:12:59] And matching them up for free trials versus annual contracts and monthly. It's a paying guys, and I did come I'm advocating a bit for venture capital because I just know that that's the the rap that most people place on venture is that it's-like it's really a negative experience. Sure. And my experience has been really curating the right venture partners I feel great about. But also I don't think that's for everyone. And if I could have hit profitability and saw that my development costs were going to be. Only another million bucks. I probably wouldn't have done it, but like, I knew this thing was going to cost me like tens of millions of dollars to finish it all the way, and that I would never get that far without significant market expansion opportunity and showing the TAM was there.

Alan Moore: [01:13:56] Unless you were going to try to turn Dentists for Advisors into \$100 million revenue business with or multi thread with pharmacists and doctors and all that.

Reese Harper: [01:14:04] I'm like, I don't know. I kind of feel like I wanted the diversity in the market. Like I'd like to see ten dental specific financial planning firm.

Alan Moore: [01:14:12] Awesome. Well, thank you so much for coming on the show, sharing your story about building a just wildly successful financial planning firm and then not being able to stop yourself from building some really cool tech. So if folks want to learn more, it's getelements.com, correct?

[XYPN Radio](#) with Maddy Roche

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

Reese Harper: [01:14:29] Yep.

Alan Moore: [01:14:30] So you go to getelements.com that'll be in the show notes if you want to go check it out, book a demo, but just really cool to hear the story. So thank you for taking the time.

Reese Harper: [01:14:38] Yeah, man, I'm proud of what you're doing. Thanks for being interested in my story. Thanks a lot.

Alan Moore: [01:14:47] Thanks for being a listener of #XYPNRadio! We want to hear from you about what you want to hear from us. What types of guests do you want to learn from next? What topics or pain points are you craving insight on? Go to xyplanningnetwork.com/radiosurvey to fill out a short survey telling us what—and who—you want to hear on #XYPNRadio. That's xyplanningnetwork.com/radiosurvey.

Alan Moore: [01:15:14] Also, be sure to go to XYPlanningNetwork.com/VIP to join our private Facebook group for fee-for-service advisors. It's the community you've been looking for that's there to support you no matter where you are in your journey—best of all, it's free. Again, that's XYPlanningNetwork.com/VIP.

Narrator: [01:15:34] Thanks for listening to #XYPNRadio. If you enjoyed the show, please be sure to leave a review that will help grow the

[XYPN Radio](#) with Maddy Roche

Ep #336: Finding Balance Building a Boutique Firm & Serving the Dentist Niche: A Conversation with Reese Harper

<http://www.xyplanningnetwork.com/336>

movement of fee-for-service advisors, serving next gen clients and building the firms of their dreams. That's all for today's episode, until next time.