How Life's Detours Can Support Your Dream Job

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Full Episode Transcript

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Alan Moore

XYPN Radio with Alan Moore

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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, Natalie Taylor, founder of Natalie Taylor Consulting Services, back on the show today. Natalie joined us back in December 2020 on episode 287 and shared her career story, how she launched, and about her first year in business.

If you'd like to get caught up on her story, pause now and go to XYPlanningNetwork.com/287 and listen to it first. Today, we talked about the last two and a half, almost three years in business and how things have gone. She shared that she had planned to be full time on her RIA starting back in 2021, but got an amazing opportunity with a fintech startup.

So she worked part time in her RIA and part time for the tech company for these last couple of years. She hired her first lead advisor with plans to hire another next year. Natalie is an extremely transparent person and was gracious enough to share all of the details about how she manages compensation for the other lead planners, as well as her strategic approach to work life balance for both herself and for her teammates.

It was awesome to get caught up on just how the last few years have gone and, you know, to really talk about Natalie's focus for the future. Without further ado, here's my interview with Natalie.

Hey, Natalie, welcome back to the show. Thanks so much for joining us.

Natalie Taylor: Thanks for having me back.

Alan Moore: So it was a ton of fun to go back and listen to your interview with Maddy Roche.

That would have been back in December of 2020. Maddy took over the podcast hosting for a couple of years. And part of that was the interview with you. So, you know, for listeners, I know I say this in the intro as well, but, you know, If you'd like to hear more of Natalie's story, I'm not going to regurgitate that first interview.

And so, it's episode 287. So if you go to XYPlanningNetwork.com/287, you can hear a lot more about Natalie's career story and background and really where, she was at as of December-ish of 2020. We're sitting here three years later, and I'm super excited because that, that interview was awesome.

And you were less than a year into the business, sort of, orient back. You started in January of 2020. You were less than a year into business. You had grown like crazy. I think you said you had 39 clients in, in your first like 10 months. And, but you know, obviously a lot has changed and, and COVID 19 happened and just the world is just different now.

And so I'm, I'm super excited to dig in. With that, let's sort of orient me to where the business is at today. Like number of team members, number of clients, or however you're measuring sort of size of the business relative to where you were during your last interview.

Natalie Taylor: Sure. Yeah. I mean, thinking about December, 2020, it feels like a lifetime ago.

But yeah, the business has grown. I I think I shared on the podcast last time, but I've always been part time in this RIA. And so only as of May of this year, so just for the last few months, I actually transitioned to full time. So I've been growing this part time while I still work in FinTech. So May 1st of '23, I went full time into the practice.

Which is really exciting, and I'm looking forward to what that means for what we can, what we can do from here. But where the practice is now, I have one full time lead planner, Cindy Hall on my team. And I have another, lead planner starting in April of 2024. And so that's, that's where the team is.

The next hire after that will be a full time paraplaner, but I don't anticipate hiring until 2026 for that. We'll see how things unfold, but that's sort of what the current business plan shows. We should close out the year right around $300,000 of revenue for the year. We've just crossed over half a million of all time revenue a couple months ago.

Um,

Alan Moore:

That's Exciting.

Natalie Taylor: Yeah, we're about three and a, three and a half years in. And yeah. What else? What else can I answer? What else can I share?

Alan Moore: Yeah. Is your focus still, working with clients that have equity compensation? Are you still finding that is, an area, sort of your niche focus?

Natalie Taylor: Yeah, we've stayed really committed to that niche and have no, no plans to change.

We're working with mid-career young families with equity compensation. So, 35 to 45 in age, usually married, usually a couple kids. Oftentimes at least one kid that's still under the age of five. So cashflow is changing a ton, in high cost areas. So Bay Area, New York, some here in Santa Barbara, where I live, we work with everybody remotely and some in Denver, Colorado.

We have a good Google presence there. But yeah, we're still very committed to that niche, which I think has helped us a ton in terms of,- You know, referrals in terms of, creating a planning process that really meets the needs of this demographic really clearly, both from a planning standpoint and an emotional standpoint.

Because the things that happen in this life stage, I mean, I know you're in this life stage too. Like, it's, it's a unique season, so,

Alan Moore: It's a very expensive season, isn't it? Oh my goodness.

Natalie Taylor: It is, and there's never a dull moment. Like, the idea that we would put a plan in place and then three years later say, how did it go? Is just like, wild.

Because things are so different. It feels like every quarterly meeting, things are different. So-

Alan Moore: It feels that way. You know, I have my own financial planner that, that we meet with quarterly. And yeah, it's like every quarter it's almost like, have we ever met before? Because everything has changed. Like, how does it move so fast?

And, and it's also interesting how goals change and, you know, those priorities change and you learn about yourself and all of that. So that's why it always cracks me up when. You know, sort of the older school planners, like, well, what do you do for young people? You know, and I'm like, well, I don't know.

What do you do for old people? Like, like it's actually, it's actually a lot of stuff. Yes. We provide a ton of value to our older clients. But there's so much changing. There's so much going on and just like the long term compounding impacts of the choices you make in your thirties and forties, have, have long term ramifications, .

Natalie Taylor: Yup. Absolutely.

Alan Moore: At the end of the episode, of your last episode, you talked about that you were headed into business planning season and you kind of alluded to wanting to spend more time on the RIA and less on the, the tech consulting side. So it sounds like it took you a couple of years to sort of get to that point.

Can you talk about the decision, and to, to make that transition to focus on the business full time and, and sort of how that has gone for you?

Natalie Taylor: Yeah. So, at the end of 2020, when we recorded last, I was pretty set on- you know, I want to focus on the practice, on the, on the RIA business, and I'm going to, you know, I was consulting for SoFi at the time and, and one other FinTech. And I had decided that I was going to pare that down and really focus on the practice.

And, and then in spring, I was asked to co found a FinTech with another woman who is very talented, ex Uberer and doing phenomenal things. And I ultimately declined that, but in that process discovered Monarch Money. And met with their leadership team and ended up coming on with them as head of financial advice.

And so I worked with them as head of financial advice in a W2 role, but part time hours for two years. So June, 2021 till, well, almost two years till, April 30th of this year. And, and that was really meaningful work for me. And I loved working with the team. I love what we're building at Monarch.

I'm still a company advisor there. But really the idea was to build a financial dashboard and personal financial management tool and that is beautiful and intuitive and accessible and always a premium product. So there's no ads and never will be. And my job there was to help move us into a planning direction of how can we help people actually, understand their goals, plan for their goals and understand their goals within the context of their broader financial picture.

And that was really compelling to me. It's the reason that I joined LearnVest, in 2012. It's, it's still really meaningful to me. And so, that was great work to do, but it became clear early this year that it was time to transition out as a W2 member of that team. And thankfully they wanted to keep me on as an advisor, a company advisor.

And, and really the planning practice also, like it just sort of all the pieces kind of came together. The planning practice continues to really grow and, it's important to me to support Cindy, my fellow lead planner in the, in the practice. And I know that we're headed towards needing to hire another lead planner and I want to set that lead planner up for success as well.

And, I feel a responsibility and I'm excited to feel the responsibility of growing the practice and creating the opportunity for us to serve more clients. And also the opportunity to provide these lead planner roles for other advisors who want to do this work this way, that want to be transparent, that want to serve this demographic, that want to act in complete integrity always.

That have that emotional side and analytical side, and they need both of those satisfied for them to feel good and, and, and meaningful and impactful in their work, and to have work life balance. You know, we can talk more about that if you want, but we take eight weeks off. We have a really like strategic way that we approach work life balance for the team, because I want this to work long term, for myself and for, and for the team.

So, that vision, as it sort of evolved, compelled me towards focusing fully here in the practice. So sorry, that was a long answer.

Alan Moore: No, it's, it's great. I mean, and you sort of knew, like you said, at the end of 2020, you kind of knew you wanted to, to get to focus on the, the RIA full time and then this opportunity with Monarch popped up.

How did you make that decision? Cause do you look back and think like, ah, that was kind of a detour distraction. I really should have focused on the RIA? Or do you look back and go like, I'm really glad I made that decision like ,that was the right call?

Natalie Taylor: That's a good question. I think I made the decision for the right reasons.

And so because of that, I feel like everything worked out really well. I love the team at Monarch. I love what they're building. I loved that I got to be a part of it. And I feel really strongly that what they're building needs to exist. And so- So I'm grateful that I got the opportunity to do that.

It did have a toll on the RIA. so in June of 2021, which gosh, I was in business for 15 months at that point, I stopped taking new clients. I went on a waitlist, and I pretty much never took a new client until May of this year. Cindy, I got Cindy up and running to be able to take new clients in 2022 and this year. So, the practice was still able to grow, and I, and I, I actually think the Monarch decision propelled me forward towards thinking about how the, how it would look for me not to be the one doing the work, but for somebody else on my team to be the one leading the relationships.

I mean, the practice, you know, the clients are clients of the practice, but Cindy is their lead planner. So many of them met me in the first meeting, and then they've never seen me again because Cindy takes care of everything they need. And we do all of our casework together on the back end. You know, Cindy has no lead generation responsibilities, but I think that my Monarch decision propelled the business forward into growing Cindy and sort of seeing that vision. And so for that, I'm grateful. Even though it held the practice back for a time, because I wasn't taking new clients and we went on a wait list and we went eight months with no new clients. I think it also at the same time, propelled us forward. So I'm grateful for the decision.

I'm also grateful for the decision that I got to transition this year to not being a W2 role at Monarch anymore. And I do get to fully invest in, in the business with all of my time and all of my focus.

Alan Moore: I think it is one of the myths of business that, you know, there's this like perfect algorithm and this perfect way that if you just follow the proven process, you'll be successful.

And, and just like clients change their minds, it's okay for, you know, for us to say like, okay, well, I'm going to focus on this thing and this opportunity we never could have envisioned pops. I mean, like, I want to try that. I want to be able to, I want to look back and say, I gave it a shot. And then two years in, you can say, you know what?

That was fun. Like, cool. Like, let's go back and, let's go back and focus on that other thing again. And so, people think of life as this like career ladder and you just climb up one rung at a time. And it is just not like that. It is a giant squiggly ball of mess. And it's, you know, but it's really interesting to me and, and I commend you because you, You, in all of this with the growth of an RIA and with having this, you know, what sounds like, you know, this awesome part time job on the side and all that, you've still maintained this focus on work life balance, which you, you mentioned, you know, in, in your last episode as well.

So can you talk about the, you know, you said you have a bit of a unique or strategic approach to work life balance inside the firm. So how you're, how you're thinking about that, how you structure it, because this is obviously something that small firms are challenged with because it's sort of we're the bottleneck.

And so if we take a day off, suddenly everything stops working. So can you talk about how you're, how you're addressing that?

Natalie Taylor: Yeah, absolutely. So, you know, I think starting with the motivation of like why that matters to me so much. I, I am a mom of two boys and they're eight and 11. And being a good mom to them could happen whether I worked, you know, 50 hours or 20 hours or not at all.

Right. But my, my preference, was that I got to coach soccer and, coach football and, and spend time with them and, and have, you know, not work a full time load. And so finding the work life balance that suited the kind of parent and the kind of, you know, career that I wanted to have was something that I've been hanging onto and, and, and working on for a long time.

So, in terms of how we actually execute on that, you know, I've had multiple jobs, if you will, since 2019. I speak professionally, I, consult in the FinTech space, and then I started the RIA in early 2020, so I learned from early on when I was starting to do these multiple things that I needed to be strategic about what my week looked like.

And so, my weeks are, they have a rhythm to them that is based on what works for me, both personally, energy wise, and professionally. And so, I have time blocked out for, like, I only see clients during these blocks. And I only do casework during these blocks. And we only have internal meetings. And I only have non client external meetings on Tuesday afternoons, for example.

So, that model week really helped me juggle different FinTech consulting projects. It also helped me juggle client work, and work at Monarch and then speaking work as well. And then actually something that Cindy came up with because she also, like, this is something that we both want for ourselves.

She came up with a strategy where we have, we don't do surge meetings, but we'll have nine week blocks, four times a year, where we see clients. So that's 36 weeks. So think about like January 15th to March 15th is about nine weeks. And then March 15th to April 15th, we don't see clients. And then another block, April 15th to June 30th-ish.

And then over the summer we have an eight week period where we don't see clients. And then we have another nine week, we have a one week off for Thanksgiving. And it sort of follows the school schedule because we have elementary age kids at this point. But it allows us to have more flexibility when our kids are out of school, not just on a daily level, but on like a year long level and an annual level, so that we can have the flexibility to be with them, to travel with them, to take time off, to have a long weekend without influencing ourability to serve our clients and do our quarterly client meetings.

It also gives us the flexibility to focus on larger projects. and we plan our vacations from the beginning of the year. So I was in Maui, for two weeks. I got back, goodness gracious, just before the fires started. And then I got back on a Saturday and on the Monday, Cindy went to, to Italy. So she's in Italy right now and she'll be there for two weeks.

So we make sure that we're not gone at the same time. And, and we cover for each other. We do planning the same way. We use the same deliverables. We use the same philosophy, the same process. And we do all of our casework for upcoming meetings together on Tuesdays. So I know what's going on with her clients and she knows what's going on with mine.

So that gives us both a lot of freedom and flexibility to be able to be with our families. Without costing our client access to support.

Alan Moore: I love it. I'm not sure I've ever heard of that type of schedule, but it makes a lot of sense. I mean, like I said, nine out of 13 weeks, if a quarter is 13 weeks, like it's basically two thirds.

So two thirds of the time you're available to meet with clients. And then one third, like you said, it's kind of a opportunity to catch up, catch your breath, spend time with the family. Cause I'm assuming during those, there may be times during those nine weeks, I'm putting words in your mouth here, and you tell me if this is wrong, like, maybe you are working a little bit more than you wish you, you did at, at, at times, and, you know, that, that sort of four week breather is a good opportunity to be sure that doesn't continue, and you're not just constantly in sprint mode.

Natalie Taylor: Yeah, we do keep our maximum client limit, that client number limit, I think lower than many firms do so that we don't push ourselves too hard. But yes, there is sort of a natural rhythm to like busier and less busy that happens. But we definitely aren't overloading ourselves during those nine week client- I don't even want to call it a sprint because or a surge because it really isn't and the idea is not I'll see you in nine weeks. It's you know, it's still very sustainable during those periods,

Alan Moore: Right? You're not doing 30 client meetings a week during during that period sort of classic surge. So, you know, you're, you've brought on a lead planner.

You've made, you know, you said that you have a second lead planner who's starting next April, which is like 8 months from now. How are you planning that far out? Was this just a unique situation where you would have hired him today, but they're not available till April or like what drove, like, I very rarely hear a job offers 8 months out.

So can you tell me more about that?

Natalie Taylor: Yeah. Yeah. It is a unique situation for sure. But I have known this person for many years and things could change between now and then. So I will support this person no matter how things unfold. And I know that this person will support me as well. But, but it's, it's the right timing for the business and it's the right timing for this person.

So. So that's where the timing came from. So we, we have all intentions that things will come to fruition at that time. If something changes, then I will be posting a job posting for a lead planner, and hopefully get someone wonderful to join the team. But that's where the timing came from. And for me, in terms of the business, how I determined that that was the right timing- You know, if I, if I was full time in the business May 1st, May 2nd, I went deep in the weeds on business planning and, you know, Google Sheets and I spent a really long time together. And, and I, I, you know, I did a five year forecast, a pretty detailed five year forecast.

I, just like with a client, do not expect to be wherever I forecast us to be five years from now. But, just like I tell clients, it was the information that I needed to contextualize the decisions that are in front of me right now. And so that gave me the clarity to say Q1 of 2024 is the right time for the next lead planner to join.

and that's what we talk to clients about, right? Like, we're going to project 30, 40, 50 years. In advance, and there's no way that life will unfold the way that we're saying, but it gives us context to know how much is enough, in, in this version of, of future reality. And really that allows us to make the decisions that are right in front of us.

And that's all that we can really hold ourselves to. so that's how, that's how I approached it, but that's, that's where the timing came from.

Alan Moore: I love that cause I don't hear planners doing longer term projections often enough cause you are right that in the end things are going to change. But, even if you're doing, I would say monthly for the current year or sort of a rolling 12 months, you're always 12 months out. And then just like annual numbers of, you know, total revenue for the year expenses, that sort of thing. And if you're const- if you're updating that, let's say once a quarter, whatever the timeframe is for you, like it does keep you, you know, you're sort of constantly iterating to, to really ensure that decisions you make today have long term payoff. That, that you're keeping your eye on the right measurables and, you know, cause it is easy to make decisions of like, "Oh, I'll, I'll spend this money on this because I'll outgrow, you know, I'll sort of scale into it." And then when you really look at projections, you're like, I'm never going to scale into this.

Like, that's not a good, it's not a good expense. You know, you do also have a little bit unique of a compensation philosophy. It sounds like particularly with the lead planner. So can you talk about sort of your approach to compensation with these advisors? Given, you know, it's a, it's a difficult conversation for folks who are bringing in their first lead planner and many times they want equity or equal partnership and they feel anyway.

And so just like, it can be a challenging conversation. So can you talk to me a little bit about how you approach that?

Natalie Taylor: Yeah, absolutely. So I'll definitely talk about the, like, salary and, and rev share and all that. I think first and foremost, the, the biggest thing that I can offer is the ability to do this work this way, and to work on a team like this with other people who are supporting you and, and want it, you know, wanting to do business this way.

It's a set process that we've developed. It works really well for clients. I take all responsibility for lead generation. So there's no pressure on a lead advisor to bring in clients. Although they do, like Cindy does, get referrals regularly, which is wonderful. And we get eight weeks off every year.

And we never expect anyone to work more than 40 hours a week and you get to choose when you see clients. And the position is remote. So I'm in California, Cindy's in Washington. The next person, I think, will be California based. But you can work from anywhere, and set your own calendar, except for the three hours that we spend together on Tuesdays.

So, I think from, from that perspective, that is meaningful. If somebody doesn't want, care, or need those things, then that's not very compelling for them. But those that do, really do. And we put our money where our mouth is with that. It's eight weeks paid. There's no question about it so, so there's that.

And then from, an actual, like monetary compensation standpoint, we have a minimumsalary of $90,000 a year for a lead planner. And the ultimate goal is to get that lead planner to the point where they're getting to keep 50% of the revenue that they support. So the way we split that up is that, it would be 40% of the previous year's revenue as a set salary for the following year. And then at the end of the year, we true up to the full 50% as a year end bonus for the current year.

Alan Moore: Super interesting, so-

Natalie Taylor: And there's a minimum of $90,000 as the salary.

So if. If for some reason 40% of last year's revenue is less than $90,000, your base is $90,000. But the idea is that ultimately that $90,000 is just a piece of getting you to the 50% of revenue, that you generate.

Alan Moore: So just in terms of math, so let's say I managed $300,000 last year and, you know, this year I managed $400,000, I guess, let's just say growth. I'm not sure if those are realistic numbers, but so $300,000 last year, 40% of that, $120,000. So I've met your minimum. And then, you know, if I'm doing up to $400,000, the goal then is to get me up to close to $200,000 total. So then I may get an end of year bonus that's... $60-, $70-, $80,000 at that point.

Natalie Taylor: That's correct. Yes.

Alan Moore: That's, that is a very generous bonus schedule. I'm curious, have you ever considered doing that quarterly to kind of spread it out for folks?

Or do you like the year end bonus, is there some, I guess, method to the madness on that one?

Natalie Taylor: Yeah. Good question. I think we'll probably move to semi annually pretty, pretty soon. And we may do quarterly in the future. It just kind of depends on what, what good planners need. I want them to have a salary that's sustainable.

So, but yes, we may move to a more frequent payout. I think at this point, we're just trying to, to be as simple as possible. And so that means that year end, we do some, business planning for each lead planner, you know, right now, it's just Cindy, but to say okay, it looks like we're, we're projecting that you'll take 12 new clients this year.

This is what that will look like. We'll assume they come in these months. Based on that, you'll end the year here. And then, you know, anyway, so that gives them a sense of what to expect. And then there's a $500 bonus for everyreferral or%, you know, new client that they bring in, new ongoing client that they bring in.

So if it's a referral that came from a client that, that is a client they serve, then they get a $500 bonus. And that's less of a opportunity to have lucrative compensation. You know, like $500 doesn't add up very quickly. It's more of an expression of gratitude for them taking great care of their clients and, continuing to help the practice grow regardless of who ends up serving that client.

So if that client goes to, you know, if it's a referral from Cindy's client and she doesn't have room for a new client, so it goes to the next planner, she would still get the $500 as a thank you for helping the business grow. So that's the model.

Alan Moore: When you think about para planners, you know, I, I could make an argument that, you know, the para planners can help Cindy take on a lot more clients.

So that comes out of her 50% take. The, the other side is, you know, well, the- the, the company's getting 50%. And so out of that, there's going to sort of be these shared services, shared support. How are you thinking about those, those services like paraplanner? How will the comp, or will the, the money come out of sort of the business side or out of the lead planner side, or both?

Natalie Taylor: It would come out of the business side. So the planner would not pay for their paraplanner. The, the way that I've structured my business plan, like my projections, is I run a P&L for each lead planner. But that doesn't determine what they get paid. That determines whether I'm running a healthy business.

So, what they get paid is a salary either, you know, the greater of 40% of their last year's revenue or $90,000 and then at the end of the year, they get a bonus to true them up to 50% of whatever their revenue was for that year. So that's, and then the $500 bonus for helping the business grow per new ongoing client.

So that's what they get paid on, period. I have structured it to be a P&L for each advisor, including myself. So that's how I pay myself as a planner. And then the rest is profit. And that allows me to figure out is the business healthy. And so the para planners fee, I, you know, I'm saying in air quotes, I "charge" to the planners P&L just so that I can figure out what are my actual costs for supporting this planner, for supporting these clients.

And so I attribute, you know, let's say a a paraplanner is split by three lead planners, a third of that, that paraplanner's cost, salary benefits, all the things gets sort of attributed to each planner's P&L .So that I can figure out, do we still have a good profit margin on these clients? But again, it doesn't impact the advisor's pay.

It just allows me to figure out where are our costs. I will say that we take our, the asset management fee that we pay elsewhere, the revenue is net of that.

Alan Moore: Okay. Net of COGS, if you will.

Natalie Taylor: Net of COGS, but not in a detail, like not every COGS. It's just, you know, that,

Alan Moore: Just that one. That is a big expense.

Natalie Taylor: So that 15 BIPs or the 25 BIPs or whatever that, you know, that is cut off of there.

And then the, the advisor's revenue is considered the amount above that.

Alan Moore: Okay. That makes sense. Yeah, I mean, you're running your business like with, you know, proper cost accounting and financial controls that, you know, we didn't have until we were much larger. And so I commend you for that. I, I think it's possible listeners may think, "Oh, that's kind of overkill". But I love it because I think the number one expense that, that advisors mess up whenever they're running their own projections and they're really thinking and they're trying to determine the value of the business, what they really mess up is, is the cost of themselves and what it costs to replace them themselves and all the hats they wear and all of that.

And so by splitting this out by, by planner and really understanding, you know, revenue and profit associated with, with each advisor. It does give you a lot of insight into the business to be sure. Like you said, you're running a healthy business and that it's worth your time because there are a lot of other things you could be doing to make money.

And so, we want to be sure you're getting an ROI for the investment that you're making.

Natalie Taylor: Yeah, that's right. And just like anything I'm learning as I go as well, reading lots of books, listening to lots of podcasts, talking with other planners who have been in places that I've never been before. And so who knows what compensation will look like five years from now or what my business projections will look like five years from now.

But, I'm, I'm really trying to incorporate the things that I'm learning and not, you know, solve problems before I need to but just be, be forward thinking about how, how should I be thinking about this in a way that is, that isn't short sighted. You know, I don't want to go too far. I be too short sighted. So-

Alan Moore: Yeah, it makes a lot of sense.

So you mentioned, You know, you, you really have a draw for team members when it comes to sort of the mission driven nature of your business and, and wanting to serve clients a certain way and, and, you know, maybe mission driven for themselves as well around their lifestyle. You've got a, aggressive, cash compensation program.

Are you also offering equity compensation at this point, or are you thinking about that?

Natalie Taylor: Good question. I'm not offering equity at this point. And that could change in the future. I imagine that at some point, I would, I would, I would love to have some sort of internal succession so that as I exit the business over time, that, the, there are partners that are internal that are, you know, buying me out.

So, I'm sure that that will come, but we're not there yet.

Alan Moore: Yeah, I think this is also an area where people try to be too aggressive with equity compensation out of the gate and don't really realize the complexity of it. You clearly know a lot about equity compensation, but when you start granting, if you're still an LLC in California, like you start granting profit interest, suddenly they're not W2, now they're 1099s.

You know, there was a time where we were, when we were still an LLC at XYPN, I had to file personal taxes in like 20 states. My tax bill was like $7,000 because I, because the business was filing that many states. Cause we had team members and client, you know, members and all that. Anyway, and just like all of a sudden these things start to add up.

You're like, whoa, this is really complicated. Like, I'm not sure that, you know, if I had a 1% equity stake or even a 5% equity stake, I'd be like, is this really worth like all the pain and the complexity? Or would I rather just make a little bit more cash comp?

Natalie Taylor: Yeah. And that's kind of my approach with the revenue share is that- You know, I, I am by no means a eat what you kill. I hate, I, I, that doesn't work for me personally. I, I don't like the incentives that happen there like... However, for me, this idea of a base salary and a revenue share, I'm, I'm hopeful gives the lead planners that are on the team, the ability to participate in the upside of the company in a meaningful way.

And, and really focused in on the upside that they're creating. Such that ownership isn't a short term need. And I imagine that we'll evolve into equity ownership at some point in the future, but I would love for that to be five plus years from now. And I'm hopeful that the way that we're doing the compensation model, because I'm not, you know, I'm not taking home 50%

of what the business, you know, or rather maybe, maybe it's about that like this year, it'll be a little more than 50%.

But, it's not like me as the owner that I'm taking home more than 50%. And so for them to be able to take home, you know, ultimately 50% of the revenue that they support. I think is a very fair way to give them some stability of salary, and then also upside the way that equity comp would also, you know, support upside participation.

Alan Moore: So you've mentioned a couple of times your business planning, which is clearly an area you enjoy and you're good at, is jumping in and really thinking about the business and, and again, in your last interview, you mentioned that you were, you were going to take a couple of days to, to really dive in on the business plan.

Can you- Do you follow a set process for business planning on a annual, semi annual quarterly cadence? Or, or do you have any kind of process you can share, with how you, how you take the time to focus on the business and kind of get out of the day to day?

Natalie Taylor: Yeah, good question. We're a bit of a EOS light.

So we do quarterly business reviews. We have, you know, it's Cindy and I right now. So Cindy and I meet quarterly. We block out, I think it's two hours on the calendar. And we go back through what we wanted to accomplish in the previous 90 days. We set our intentions of, you know, how's the business doing, review our numbers, how's the business doing, where do we need to focus?

What are the most important things that each of us could accomplish in the next 90 days? And then, sort of, so we do a, a, a version of quarterly business reviewing that's somewhat EOS-ish. And, and then we do an annual client survey in September, and we've done that since 2020, since we started, and that's been really helpful. We, we ask a lot of the same questions every year, so we can gauge progress over time, and then we'll have one or two areas of specificity, depending on what we're considering for the business.

So, last year we asked some questions around tax. You know, do you want, would you prefer that we have a CPA on our team that is doing tax? Or would you, you know, and we've asked some questions about bundling fees across asset management and planning versus keeping them separate. So wherever our, our place of focus is, we'll ask some more detailed questions.

Last year we also focused on deliverables. So we wanted specific client feedback on our deliverables and, and that really helped reinforce that we were moving in the right direction on our deliverables. Our clients love them. So that was really good feedback to get to confirm, where we are with that.

So that's part of, we do that in September so that we have it going into Q4. And as we're thinking about- What do we want to change moving into the following year? Sometimes we'll ask, you know, do you still want to meet quarterly? How often do you want to meet? What would be your ideal? That's how we got to quarterly in the first place.

We actually were meeting less often and our clients overwhelmingly told us they wanted to meet quarterly, which is a little unique. I feel like normally advisors are like, "Oh, I have to meet this often to justify the fee." And then clients are like, I don't really want to see you that often. I'm good. You know, we found the opposite.

So without doing that survey, we would have not known that. So, so that gives us really important information on how to, what we want to change for the, for the following year. So we do some year end business planning. Last year we did it. We did an extra day in Denver after the XYPN conference. Cindy and I stayed an extra day and did a day of business planning for the following year together.

And that was really meaningful. So that's, that's kind of our approach to business planning. And then we track our KPIs quarterly. I update them monthly when I do, when I close my books for the month, I update our tracking. And then we review those quarterly and, yeah. So that's, that's kinda what it looks like.

Alan Moore: Yeah. I, I love the client survey because I think that's, that's an area that advisors probably could be stronger in, or we just sort of assume we know what our clients want or we know what we want and we just, or it's just the way we've done it.

Like we've been meeting quarterly, so let's just keep eating quarterly and never actually asking the question of like, is this the right cadence? Cause some of the things that you're talking about, like how, like meeting frequency and like, those are big time consuming components. If all of your clients wanted to go to two meetings a year instead of four, like your, your projections on how many client relationships you can have, or just like get totally upended, you know, the same way when they probably went to quarterly, it's like, all right, like we're, we can't serve as many clients cause we're going to be having more meetings.

Do you use any specific tooling for, for the client surveys or is it just sort of a free or whatever survey monkey type offering, like the actual tool?

Natalie Taylor: We use Google Forms and it works great for us.

Alan Moore: Okay. That's awesome. Okay. Look, I remember you said in your last interview that despite, having a background in tech, you were fairly low tech yourself and, and love the G suite setup.

And so that, that makes sense.

Natalie Taylor: Yup. Same as ever.

Alan Moore: So in, you know, in your last interview, you talked about your... With that, that you were attracting a lot of clients who had equity compensation. It sounds like, you know, as you said earlier, like it's continued to be a real focus for the business. Can you talk to me a little bit about sort of your approach to equity comp and how you're...

How you're working with clients and managing it, cause it really can be this sort of rabbit hole of, of just mess, when it comes to Equity Comp. So can you just, share with listeners a little bit about how you're, how you're approaching Equity Comp?

Natalie Taylor: Yes, definitely. So I think overarching, I would say that we allow things to be simple where they're simple, and we dive into the complexity where it's needed.

And I, I think that there are mistakes made on both sides where, we make things, some things that are simple, more complex than they need to be and vice versa. You know, I see with equity comp, it's, it's a, it's interesting because it's nuanced. And so sometimes it looks simple on the outside and then you dive into it and it's like, well, if we're going to layer in ISOs and NSOs and some of them, you know, qualify for QSBS and now we have RSUs that are, you know. Then we're worried about like wash sale rules and timing of it, you know, like it can become more complex when it looks simple. So I would say trying to keep the simple, simple, and then only diving into the complexity where it's needed.

But I think from a, from a planning perspective, and I grew up playing sports, so forgive, you know, the sports analogy. But we care most about what the money is going to do for the clients. So certainly we want to make tax optimized, investment optimized, you know, upside optimized decisions. But, at the end of the day, we're trying to use this money to move the client to where they want to go.

And so, we start with goals. And I can't tell you anything about what you should do with your equity, for the most part. Until we talk about what the money is going to do for you. And what we do is we go through each of the client's goals and we categorize them as base hit or home run goals. So this is where the sports analogy comes in.

So, you know, base hit goals are like, can you retire at 67? You likely want to partially retire by 50 or 55. That's a, you know, a common thing for our clients, not because they're lazy, just because they're pushing so hard in tech. They don't feel like they can do that till 67. They also wonder if they'll be employable in tech in their 50s.

So they want to like take advantage of the high earning years and be able to back off. But the base, so the base hit goal is can you just stop working by 67? Can we save enough that you can stop working at 67? Another base hit goal would be, you know, funding, in state public university for your kiddos.

Maybe a percentage of that, 50% of that goal would be a base hit. Getting your emergency fund in place is a base hit, paying off high interest debt, base hit, right? These are all like kind of the base hit goals. Putting at least 20% down or however much is needed so that you can have a reasonable mortgage on a house that you're happy with. Maybe not your dream home, right? This isn't the 4,000 square foot place. This is the 2,000 square foot place for your family of four with two whole bathrooms, you know? So those are the base hit goals. And what we do is we identify all of the dollars that are available to move you towards your goals that aren't already pinned down to a goal.

So 401k, that's retirement. We're not going to change that, right? 529, that's for college. We're not going to unpin it. But the funds that are available are the things like equity compensation or cash or a brokerage account from another, you know, equity windfall you had in the past. Those are the dollars that are up for grabs.

And so what we do is we identify those dollars. I'm talking with my hands a lot for those that are listening. And then from there, we map those to their goals and we take, the most dependable dollars for the base hit goals. So if you've got RSUs vesting every month, you're at, you know, Google, let's say- And you're not already on track for age 67 retirement, then we are definitely, and it's those RSUs that we need to depend on to get you there, we're definitely going to recommend that you sell those. Make sure that you're withholding enough for taxes. Thankfully Google lets you, you know, change that percentage when you need to, and then we're putting those into a diversified portfolio. So that's a base hit goal. And so that really helps inform that the equity decision, how much risk capacity do you have on these dollars because of what you want these dollars to do for you.

If those Google RSUs were for a home run goal, like, you know what? We'd love to get a million dollar cabin. If we do great. If not, don't care. Then and you want to take the risk? Sometimes taking the risk is the only way that you're really going to get there. Because it's such a big, you know, it's not a big hairy audacious goal, but it's such a big hairy goal that it's like.

"If things work out great, it happens. If not, then that's okay." Those might be dollars that we say, okay, well, if you want to take concentrated stock risk on the dollars that are allocated towards that, you know, home run goal, go for it. We're comfortable with that. It's your decision, you know? So that really helps contextualize from there, you know, of course we optimize for taxes and investment risk and all that stuff, but that's the basis of how we approach those decisions and that really helps contextualize it and helps our clients actually move forward.

With whatever they've decided, to do, whether it's to keep, to hold, or to sell, or somewhere in between.

Alan Moore: Are there any tools, like, wallets, or something digital that allows you to, to sort of keep all of their equity comp information in one place, or is this just a lot of spreadsheets?

Natalie Taylor: Good question. We certainly use spreadsheets.

For, we have a good number of private company employees, and so we have them add us to their Carta. And so we can see their equity comp in there, which is really helpful. That allows us to see what they have, see their grants, see all the details, see the current fair market value of whatever the last 49A was.

But we do use spreadsheets and we're starting to use Trayecto, which is a new, newer equity comp planning software. I'm really excited about what they're building. So they're, they're focused on RSUs right now, but looking to expand into, you know, other areas of equity comp. So I know the brains behind it.

And if, and if we get everything that's in those brains into that software, it's going to, it's going to be really transformational. So...

Alan Moore: It's funny, Michael, today we had a call and Kitces said something about Trayecto and I was like, and I just, it was in conversation. I'm like, I think I misheard him.

Cause I've never heard of this software before. That's twice in one day. So...

Natalie Taylor: Yeah, Russell, Russell Kroger, he owns upstart wealth with Mike Posner.

Alan Moore: Both XYPN members. So...

Natalie Taylor: Yes. But yes, he's started the software because he also serves this niche. So yeah.

Alan Moore: Okay. So Trayecto, TRAYECTO.io for folks who are, who are curious, cause I definitely misspelled that.

Thank you to Google for the power of a spell check. Okay, that is awesome. So it gets, this is one of those areas. It's so hard. When you do have such a specific niche, sometimes if there aren't a lot of advisors in this area where you just don't have the tooling because it's not financially, it doesn't make sense to build the tooling.

So you're kind of waiting for someone who needs it for their own business to build it, which is where a lot of the niche planning software came from. It's where, like, College Aid Pro came from. It's where AdvicePay came from. I mean, AdvicePay got created by XYPN because we needed it, you know,? And just like because it was a niche software for our customer base and then grows from there.

So, very cool. The one topic I don't want to lose sight of just as, as, we're getting into, you know, getting towards the end of our time together, that is,- You know, when we, or when you did your interview three years ago, you were growing like crazy. You had something like an, I'm trying to remember the number, 82% close rate with, with new clients who were qualified and who you wanted to work with.

And it sounds like that has continued. So can you talk to me just about the success you're seeing from, from a sales perspective? And just like what you attribute that success to in terms of bringing in really high quality clients at such a rapid pace?

Natalie Taylor: Yeah, we're still at maybe 85 to 90% on our close rate.

And the way that our structure looks now, we, most of our clients come from referrals, some of them are from current clients, many of them are from current clients. And some of them are from my professional network, I've been in tech for a long time, and so has Cindy actually, she was at LearnVest with me many years ago. But, you know, I think the close rate comes from a few places.

So one, most of the people that we're talking to are right in our niche because we're really clear about what our niche is. All of our clients know that that's who we serve. And, and we're not shy about sharing that publicly either. So our website makes it clear. So most of the people that we're talking about, talking to as potential clients, are in our niche already, are a good fit already.

We're really transparent about our pricing. It's on our website. It's really straightforward. There's not a lot of scrolling to learn everything you need to know about our pricing. And I think that, that helps people feel comfortable. You're not wondering like, gosh, if I refer my friend, are they going to get some exorbitant quote?

I, you know, are they going to say $20,000? Or, you know, there, there is work that's worth $20,000 I'm not trying to say that that's too high. But you know, anyway, it's not where, it's not where we swim. So, anyway, so I think that helps. And, you know, the way that Cindy and I handle our potential client meetings now, she still takes almost all new clients.

And so I will pop in there for the first, like, three minutes and just say hello and explain that we work together and that even though they won't be seeing me in the meetings, we work together on the back end. And then anytime Cindy's out, either for family vacation or an emergency or anything, that I'm there.

So please don't hesitate to think of us as a team, even though Cindy's your lead planner. That's how we present it to clients. A lot of times the, the referrals are still to me. And then I'm saying my client roster is full. Why don't the four of us chat and I'll introduce you to Cindy who's wonderful.

So that's how we do it. And then I, and then I'm out. And Cindy takes it from there. And, in that 45 minute potential client meeting, we do a lot of listening. But we, we ask like, what's going on with you? What are, you know, what are you working on? What, what, what brought you to us today? And we will share as they go, like, okay, I think we can help you with optimizing that.

Do you know if it, you know, qualifies for QSBS? I've never heard of QSBS. No problem. It's a tax benefit for some early stage. We can see if it does. So we will, we'll share sort of some of the value that we can bring. And then I think what really helps is we have a really well defined process of, you know, in our first meeting, we're going to do A, B, C, D, and E

if you hire us. In the second meeting, we'll do this. And the third meeting we'll focus here. And then in the fourth meeting, we'll do this. And then from there we'll go to a quarterly cadence. And each quarterly meeting, you know, Q1, Q2, Q3, Q4 these are the things that we cover. Our process is both proactive and reactive.

So we will always come prepared to every meeting that we have with you, which we'll schedule in advance. But you always can blow up our agenda where we can cover anything that you need because life is always moving and changing. And so this process is both proactive and reactive. And, and then we never put any pressure on anybody to make a decision that day.

We'll say, we're going to summarize everything that we talked about and send it to you in an email, either today or tomorrow. Take the time that you need to decide if this feels like the right way to move forward, email us if you have any questions at all, but we, we will take the notes today and we will make sure that you have a copy of that.

And then you can just email us back. If you want to get started, just say, yep, we're ready. And we'll send over a, you know, A, B, C, D, E. And then in that email, we take really good notes during that potential client meeting. And we echo back to them what we would cover so that they understand in their own words, the value that we can bring.

So, we're always going to say it when we can in the words that they use to describe something. So there are no preset bullets of retirement planning to blah, blah, blah. It's like, yeah. You know, you said that, let's see, when, when you're jogging in your career, your partner is running in their career and that you do that so that you can be there with the family and one of you can be the anchor parent.

So we want to support you in being able to do that so that blah, blah, blah. So we will use the words that they use to describe what matters to them. And I think that's really meaningful. I think that's a tangible way for them to know that they were heard and a tangible way for them to understand the value that we bring in the context of their life.

And I think that's a lot of where the, where the high close rate comes from.

Alan Moore: Okay. Thanks for sharing that. So as you're looking forward with the business, obviously you're, you're thinking about hiring another lead planner next year. What, what's next for you and the business, the business now has, has had your full time focus for what, four months now.

But it's also been sort of the off season for you. Where, where you've, you've taken some time off this summer, which is awesome. And so, as you're looking forward, sort of what's next? What, what's on in the pipeline for you in the business and, and I guess, where's your attention?

Natalie Taylor: Yeah, good question.

So I'm keeping my client load at kind of 50% of what full is for us. And I, I intend to stay there. I think over the next six months, it's preparing for the next lead planner. Getting down in writing,from a systems perspective, what Cindy and I do so beautifully well together, so that we can bring somebody in and support them in becoming part of the team and functioning well with us.

I think the new planner will have three months where they're shadowing meetings and, they'll do a lot of the casework for us. So that's sort of part of the model is that as they're coming up to speed, they'll do the para planning work for Cindy and my clients. Cindy still does the para planning work for my clients.

So this next person will do the para planning work and that's how we will expose them to the volume of cases that they need in our specific niche. So that not only it helps the business grow and helps, you know, Cindy take more clients, but it allows the new person to get those reps. And so I think my focus is really in supporting that next planner in their success in the practice.

You know, there's not a lot of key activities that I do, to be honest, to create new clients. It's a lot of just taking really kick ass care of our, our clients. And doing good work and being transparent and showing up in integrity everywhere. And so I will continue to do those things, but it's not like we, you know, I don't, I don't write a blog weekly.

I probably should. I don't. You know, all those things. I don't really do those things.

Alan Moore: Clearly you don't need to be. So I would not, I would not should on yourself on that one.

Natalie Taylor: So, so yeah, I think it's, I think I'm now really recognizing the beautiful connection between supporting the planners on the team and it's tiny, right? It's just me and Cindy right now. And it'll be me and Cindy and number, you know, number three planner. But I think I'm, I'm starting to really see the beautiful connection and the most that the most that I can do to invest in and support their success and their growth and their perspective in this work that that then allows the growth of the business and allows us to serve more people in this really wonderful way that I think we do it.

And so I think that's really where I'm focused.

Alan Moore: Okay. So as we're coming to the end of our time together, I'll ask you, the final question, which I don't think Maddie asked you in, in your interview, but I, I'm curious. Just sort of one thing that you wish you had known then that, you know, now sort of one thing you've learned, one piece of advice you would go back and give your, your younger self.

Maybe this is, you know, maybe back to when you were recording that last interview, you know, you were a year into the business. Like what advice would you go back and give yourself at that time?

Natalie Taylor: Hmm. What would I tell myself, after the first year, now that I'm three and a half years in? Let's see...

I, I think that I would tell myself that it's okay for the business to grow at the pace that works for me as a human. And that allows me to continue to stay true to my commitment to do meaningful work. And that meant slowing down growth for Monarch. And it also meant speeding up Cindy's growth for Monarch.

And I think that that second piece was such a gift that I don't think I would have gotten if I hadn't made the decision to join Monarch. 2020 was a really hard year in the world, but the growth of the practice and the delight that I got out of being back in client work after many years of really not working with clients buoyed me in an unbelievable way in a really hard time in our world.

And 2021, not that it wasn't still hard in the world. Then I had lots of clients to take care of, and then I had lots of work to do. And then I took on a role of head of financial advice and 2021 was a hard year. I was really tired by the end of 2021. And so I, I think I would have told myself like, it's okay to go at the pace that you need.

And, and kind of like, there's no rush. It's okay, you know? Let yourself off that hook of, Ooh, did you set yourself back by joining Monarch? Yes. And that's okay. That was great. That, that spurred growth in other places, you know? I think understanding that there's growth and learning and whatever this decisions are, that there's really oftentimes multiple right answers.

I think I would have benefited from hearing myself be reassured that way.

Alan Moore: All right. Well, thanks for sharing that. Well, Natalie, thank you so much again for, for coming on the show a second time and sharing your story and, and just the progress that you've made, as a business owner and as a planner and just all the things.

So thank you for, for taking the time.

Natalie Taylor: Thank you so much for asking me back. I appreciate it.