





Slideshow New day at LPL? 20 advisors describe changes under Dan Arnold

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Advisor Laura LaTourette   difference in two panels on inclusion and diversity at LPL Financial's recent Focus conference.

"I have never seen 'LGBT' written on anything when it came to LPL," says LaTourette, who is a lesbian. "For me, that was just so empowering."

For major office of supervisory jurisdiction manager Rich Dragotta, the changes became apparent in three town hall sessions LPL held for advisors with CEO Dan Arnold.

"It was something that was very transparent and very candid, and I think everyone who was there appreciated it," Dragotta says. "In 15 Focuses, that was the first time I've seen that."

And fellow advisors Jamie Cox and Julia Carlson both saw a major shift when it came to LPL's [move to allow third-party vendors](#) like Riskalyze to plug into the firm's ClientWorks technology platform.

"I think that was the missing piece," Carlson says.

The No. 1 independent broker-dealer held the conference in Boston between July 30 and Aug. 1 with some 3,600 of its more than 16,000 advisors in attendance. LPL faces [increased](#)

competition from its rivals and the challenging task of serving tens of thousands of independent businesses all at once.

Furthermore, Arnold only took his post at the beginning of last year from longtime CEO Mark Casady. LPL's head count has expanded by 13% year-over-year following the firm's acquisition of the assets of National Planning Holdings, and its quarterly net income has soared by 74% to \$119 million.

At the same time, LPL advisors reported widespread problems with the rollout of ClientWorks and the level of service from the home office. More than 20 advisors who spoke with *Financial Planning* noted such deficiencies while welcoming Arnold's acknowledgement of them in his speech at Focus.

Arnold told the group that a full internal assessment and feedback from advisors showed that LPL's culture was not aligned with its strategy, according to a summary of the speech released by the firm.

"In order to execute our strategy, we've got to change how we work," Arnold said. "We are transforming our culture to one that puts you and your needs at the center."

LPL closed this year's Focus conference to the press. They also didn't make Arnold or any executives available for an interview, answer any questions on the record or provide a transcript of the speech beyond the summary and highly edited video clips posted to its social media accounts.

Arnold's speech included a vow to "make it easier to do business with LPL" and a theme of the firm being "one team on one mission," according to the firm's summary. Advisors also cite speeches by Andy Kalbaugh, the president of the national sales and consulting division, and Burt White, the chief investment officer, as highlights.

Advisor Cal Elam, a retired brigadier general with the South Carolina Air National Guard, joined Kalbaugh onstage to explain why even mess cooks fulfill a critical role, even if they're not flying the jets. The company also played a video featuring advisor Irene Berner, her client Edna and Edna's Harley-Davidson.

The advisors helped fill in the gaps on one of the most prominent conferences of the year, which came at a critical time for the firm. LPL may need to recruit hundreds of advisors per month just to retain its current size, based on normal attrition rates, according to consultant Tim Welsh of Nexus Strategy.

"Once you get too big, you lose control. Your scope of management becomes so exponential that no one person, no one team, can do it. We can all put those mission statements on the walls or the wallpaper, but you're dealing with too many people," says Welsh. "They're in crisis management."

Arnold's outreach to advisors reminded him of Casady's approach as CEO, he adds, when the CEO "knew every big advisor by first name and they had his cell phone number."

Casady declined to discuss the view that the firm's culture did not align with its strategy at the end of his tenure, noting in an email that he retired from LPL last year. However, he still holds more than 130,000 shares of LPL stock, making him the second largest direct individual shareholder behind Arnold.

None of the advisors brought up LPL's stock price or Arnold's reputation among some in the industry as a technocrat or so-called numbers guy, and only two of them mentioned the NPH acquisition.

The firm's new Advisor Inclusion Council, aimed at fostering diversity among advisors and clients, drew many positive reviews, though. Members will help the firm make progress toward its goal of "being the most diverse and inclusive place to do business," according to the company's charter for the group.

In addition to Arnold's pledge to spend \$125 million on technology this year, LPL also promised it would soon join [IBDs like Securities America](#), Voya Financial Advisors and Cetera Financial Group in offering a client texting solution. The firm is also developing a client-facing mobile app for all devices.

Additionally, the firm relieved advisors of the need to get clients' driver's licenses for new account openings or a voided check to set up an automated clearing house transaction. While such steps may not seem like much, they're a help to the day-to-day tasks at LPL's practices,

says advisor Laila Pence.

"They may be small, but they really are big in terms of what we do on a constant basis with the clients," she says.

The practices weighing in after Focus range from [LPL's largest hybrid RIA](#), Private Advisor Group, and other major super OSJ enterprises, to smaller firms and sole practitioners. To view the reactions to Arnold's speech and key takeaways from 22 different practices, scroll through the slideshow.

Abby Salameh



Firm name: Private Advisor Group

Location: Morristown, New Jersey

Size: 620 advisors, \$30 billion in client assets

Abby Salameh is the chief marketing officer for the firm with \$16.8 billion in AUM out of \$30 billion in total assets. At

Focus, her team's main takeaways were a

"commitment to getting work done that has been taking a long time and a sense of authenticity that seemed to be missing the past few years," she said in an email.

"Key areas of improvement include accelerating the rate with which new technology is deployed and then adopted, followed closely by improving the service experience for advisors," Salameh said. "I walked away from Focus, and meetings with LPL executives, with a sense of confidence that these two main attributes of satisfaction for us and our advisors will finally be met."



Kashif Ahmed



Firm name: American Private Wealth

Location: Bedford, Massachusetts

Size: sole practitioner, client assets not provided

Ahmed told Arnold in a conversation at the conference that LPL is almost not the same company as it was a year ago,

following the "huge" move to embrace third-party tech rather than trying to "create everything and reinvent the wheel," he says. He credits the firm's executives for admitting mistakes.

"They realize that LPL exists for the advisor. It's that simple. We are the end client," Ahmed said. "If the pain point reaches a threshold, people will make decisions to move on. And just like any industry, it's far cheaper to retain a client than to get a new one."



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Sarah Carlson

Firm name: Fulcrum Financial Group

Location: Spokane, Washington



Size: 2 advisors, \$120 million in client assets

Carlson serves on the new council for diversity and LPL's programs supporting women advisors. She says Arnold fielded questions at the town hall about recent departures by major producers, telling advisors that a lot of the moves came down to money and unreasonable requests for preferential treatment.

"He has been taking questions on the fly at conferences," Carlson says. "I was just surprised that he did it, and I was also impressed at how well he handled the questions. He didn't try to hide and he wasn't at all political."



Jamie Cox



Firm name: Harris Financial Group

Location: Richmond, Virginia

Size: 3 advisors, \$700 million in client assets

LPL frequently asks Cox and several other advisors for advice on what they look for in technology, he says. The firm's decision to share data with Riskalyze on the ClientWorks platform "will elevate them into being serious competitors for the custodians," according to Cox.

"What has happened is the overwhelming majority of all of us have told them, 'These are things we're looking for,' and they've finally implemented them," Cox says. "We've turned the corner on technology because it is very much what all of the advisors want."



Alex Chalekian



Firm name: Lake Avenue Financial

Location: Pasadena, California

Size: 2 advisors, \$155 million in client assets

Chalekian is a member of LPL's advisor council, and he notes that Focus included major upcoming tech previews of the app and client text messaging. He also looks forward to so-called sleeves in the firm's Managed Wealth Portfolios platform, giving advisors the ability to create and share their own models.

"In a very short time frame, I've been able to see a bunch of items that they're working on to make it easier to do business with LPL," Chalekian says. "That could be something great for some of these big enterprise firms to roll out these models and offer their advisors to use it, offer that as a value add."



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Land Bridgers

Firm name: Integrated Financial Group

Location: Atlanta

Size: 86 advisors, \$5 billion in client assets



More than 30 advisors from the OSJ led by Bridgers and Don Patrick made the trip to this year's Focus conference. Bridgers compares changing the culture at a firm of LPL's size to turning a giant freight ship around, noting that neither of them can be done instantly.

"You could sense that the LPL staff is being empowered to make decisions instead of running it up the proverbial flagpole," Bridgers said in an email. "The conversations are changing from policies to what is most important to the advisor. That alone, you could argue, is a very good start."



Laura LaTourette



Firm name: North Georgia Wealth Management Group

Location: Dahlonega, Georgia

Size: sole practitioner, \$40 million in client assets

Both Arnold and James Putnam, the chairman of the firm's board of directors, made a point of thanking LaTourette at Focus and offering their full support for her message of inclusion, she says. Kalbaugh invited her to serve on the new diversity committee, as well.

"LGBT, women, people of color — we felt like we were invisible," LaTourette says. "We want marketing tools, we want articles, we want to have a place within LPL that shows up in a bold way and not just at the end of the day, or something later."



Anne McCabe Triana



Firm name: Curo Private Wealth

Location: Reston, Virginia

Size: Sole practitioner, \$60 million in client assets

A number of LPL employees in the firm's Charlotte-area office told Triana it was their first time interacting in person with advisors on her recent visit for a session led by her and LaTourette on a day in the life of an advisor. Triana and her staff have noticed a major shift in the past four to five months, she says.

"The most exciting part for me is the recommitment to placing advisors at the center of everything they do," Triana says. "We are definitely experiencing a huge turnaround in the type of services we're receiving."



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Sandra Cho



Firm name: Pointwealth Capital Management

Location: Encino, California

Size: 2 advisors, \$160 million in client assets

Cho praised LPL for taking on the issue of supporting greater diversity among its advisors and clients, though she notes all firms have a long way to go on issues like the pay and job disparity between male and female advisors. She says the firm is seeking more input on supporting advisors who are women.

"If you're a financial advisor in the industry, you have been invited to countless golf events or whiskey tastings, which I'm not against. I love whiskey, I love golf," says Cho. "I would love to see LPL and the industry try to get to know what women in the

industry would like to be involved in and what it would take to make us happier, and it might be whiskey tastings and it might be golf tournaments but it might not be."

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Rich Dragotta



Firm name: Independent Network of Consultants and Advisors

Location: Paramus, New Jersey

Size: 150 advisors, \$5 billion in client assets

The biggest excitement at Focus centered around technology, specifically on LPL allowing for full data integrations with third-party services like Riskalyze, Dragotta says. Advisors have been clamoring for such adaptations for a long time, he adds, noting he hopes to see further improvements.

"You need to continue to see the momentum. Clearly the energy and the spirit is there, and they're not looking at this as, 'Hey we're great, and everything is great,'" Dragotta says. "If I were sitting there hearing, 'We're the best and everything is great,' I'd think the best is behind you."

f in t e

Cal Elam



Firm name: EFinancial Advisors

Location: Columbia, South Carolina

Size: 2 advisors, \$65 million in client assets

Elam participated in a strategic planning session with Kalbaugh and other members of LPL's leadership team lasting "three intense days," he says. The discussion centered on how to improve advisors' experience with

the firm.

"They're really focused on trying to make sure that they craft the service model to meet the unique needs of each advisor," he says. "When you have that many advisors, it is a little bit difficult to make sure that you're hitting that button every single time."



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Eric Aanes



Firm name: Titus Wealth Management

Location: Larkspur, California

Size: 8 advisors, \$585 million in client assets

Aanes praises senior management for being "very accessible and willing to be the right business partner" and the company for stepping up its compliance support for advisors. In the speech at Focus, Arnold admitted mistakes with the rollout of ClientWorks, he says.

"He was just like, 'We screwed up. It's our fault. We tried to bring something to market that wasn't ready,'" Aanes says. "He was forthright with the challenges that they've had with ClientWorks."



Robert Russo

Firm name: Independent Advisor Alliance

Location: Charlotte, North Carolina



Size: 131 advisors (including 82 producing advisors), \$6 billion in client assets

Russo's OSJ has its headquarter about nine miles from one of LPL's three corporate headquarters, and 14 of his firm's employees have had work experience with LPL. He's picked up a change in tone from the company on ClientWorks and other technology, he says.

"They fell on their sword a little bit with some things that happened in the past," says Russo. "When they created certain types of technologies, they created it from their own perspective. What I think Dan is trying to do is ensure that we think about it from the advisor's perspective."



Julia Carlson



Firm name: Financial Freedom Wealth Management Group

Location: Newport, Oregon

Size: 4 advisors, \$240 million in client assets

In a brief conversation with Arnold at Focus, Carlson says she told him everything with her practice is great. But the CEO made sure she knows she can come to him if there are any problems, which "shows he cares, he's genuine," she adds. Carlson has noticed a change in the past year, she says.

"I think he's really coached the home office staff to look at it from our perspective and be way more logical. They're allowed to think more strategically," Carlson says. "They've really listened to our feedback. If we don't like something, now, within the platform, we just click a button and tell them what we don't like."



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Laila Pence



Firm name: Pence Wealth Management

Location: Newport Beach, California

Size: 8 advisors, \$1.4 billion in client assets

Pence's time with LPL dates to when she joined forerunner firm Linsco in 1987, and she said the firm's tech investment and responses to questions have gotten better than they have been her entire tenure. She

notes the firm has tapped a specific team to respond to all email feedback from advisors.

"We don't just send it and it goes into a black hole, they do something about it," Pence says, noting a contrast with the past. "They'd always listen and hear us out and so forth. It was always, 'Some time down in the future we'll be able to deal with that.'"



Dryden Pence



Firm name: Pence Wealth Management

Location: Newport Beach, California

Size: 8 advisors, \$1.4 billion in client assets

The chief investment officer at his and his wife's practice, Dryden Pence agrees with her that LPL is getting much more responsive to feedback from advisors. LPL's staff is no longer trying to come up with workarounds for individual advisors' problems, he says.

"They're actually being thoughtful about a solution," Dryden Pence says. "Not only are they listening to what's really needed from a client standpoint, they're trying to figure out how to make this better across the entire enterprise. It's not just about solving one problem, it's about solving many. And that's a very positive change."

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Danilo Kawasaki



Firm name: Gerber Kawasaki Wealth & Investment Management

Location: Santa Monica, California

Size: 16 advisors, \$825 million in client assets

Kawasaki didn't attend Focus, but he says he met privately with Arnold and Chief Information Officer Scott Seese a few months ago. The firm's technology is looking and functioning much better in the last few months, according to Kawasaki, who calls Arnold a "doer."

"He is disappointed with the slow technological progress LPL has seen over the years," Kawasaki said in an email. "Unfortunately, a lot of LPL technology was built on a very old chassis. It takes time to overhaul an entire system for a company as big as LPL, and they have made mistakes in tackling this big and much-needed project."

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Irene Berner



Firm name: Berner Financial Services

Location: New Paltz, New York

Size: sole practitioner, \$35 million in client assets

Berner has only missed one Focus conference in her 18 years with LPL, she says, noting the conference seemed very different this year. The enthusiasm "began months before and it just kind of exploded through social media when we got there," she says.

"It was electric in the air. It was unbelievable, it was magic," Berner says. "Dan apologized, and the truth and reality is that, when the whole Clientworks was rolled out too early, he was not the top person in charge. He came in to something that was broken. And he's fixing it."



Steven Budin



Firm name: The Budin Group

Location: Las Vegas

Size: 7 advisors, \$300 million in client assets

Budin credits LPL's so-called 100 wins in 100 days program as showing how they're "really making some great enhancements and improvements fairly quickly," he says. He welcomes Arnold's comments about the rollout of ClientWorks.

"The technology platform was not instinctual from an advisor perspective," he says. "There were way too many clicks and way too many menus to look through, and I think Dan and his team did a really great job in going back to the brass tacks and starting from scratch."



Marc Freedman



Firm name: Freedman Financial

Location: Peabody, Massachusetts

Size: 2 advisors, \$400 million in client assets

Freedman believes advisors have a tendency to see greener pastures at other firms, and he says advisors and companies alike much more frequently hear about

what doesn't work than what's working well. At the same time, he gives kudos to Arnold for being willing to apologize for mistakes.

"The biggest a-ha that LPL has finally come to terms with — which LPL advisors have known for years — is that the secret to a successful relationship starts with the consumer and then funnels through the advisor," Freedman says. "If the consumer experience isn't great, then the advisor has to find a place where it will be."



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Brian Voss



Firm name: NBT Bank

Location: Norwich, New York

Size: 28 licensed advisors, \$1.2B in client assets with LPL

Voss serves on the firm's advisor council, and his firm operates on LPL's institutional channel for bank and credit union-based advisors. He sees "a big shift" in the way the firm recognized five home-office employees as "service supervisors" after soliciting hundreds of nominations from

advisors, Voss says.

"No one can hide behind the answer of, 'It's the way we've always done it before,'" he says. "I see more of a desire from Dan to really empower employees to make decisions and to recognize employees who are doing a great job, even if they're not advisor-facing."



Rick Kent



Firm name: Merit Financial Advisors

Location: Alpharetta, Georgia

Size: 35 advisors, \$2.9 billion in client assets

Kent's firm brought 13 team members to Focus, and their key takeaway stemmed from the firm's culture, he said in an email. The new approach by Arnold represents "a core change in how LPL is doing business" rather than some kind of trend, according to Kent.

"Creating a strategy and changing the culture of the largest independent broker-dealer will not be easy. But LPL has the right CEO in place to make this happen," Kent said. "LPL is no longer an ivory tower, Dan has created an open forum for feedback. We've been talking and LPL is listening, and they are taking action."



Anh Tran

Firm name: JanHobbs Financial Group

Location: Orange, California

Size: 2 advisors, \$260 million in client assets

Anh Tran was not able to attend this year's Focus conference, but she sees



technology as the key issue moving forward. The firm "has been making an effort to listen to what advisors' concerns are and making an effort to make those changes," Tran says.

"It's important for us to continue to be at the forefront of the industry and to be able to have this technology and tools to provide our clients with the best service," she says. "I think it's great that they're willing to make an investment into this."



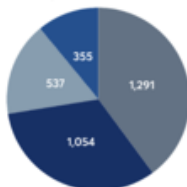
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National Planning Holdings' four IBDs had more than 3,200 producing representatives before LPL acquired their assets.

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Source: Company data

Regulatory snags hold up NPH shutdown after LPL deal

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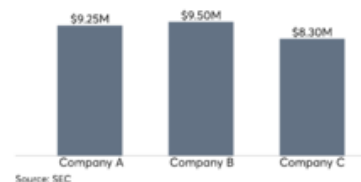


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Source: SEC

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