

Case Study:

Steward Wealth Management



At A Glance

- Founded: 2007
- Headquarters: Colleyville, Texas
- Website: www.stewardwealthmanagement.com
- Services Offered: Goals-Based Wealth Planning
- AUM: Approximately \$225 Million*
- Clients: 200
- Staff: 2 Advisors, 1 Client Service Associate
- Primary Custodian: Charles Schwab & Co.
- Portfolio Management/Reporting: Advisor View™
- Portfolio Rebalancing: Advisor Rebalancing®
- CRM: Advisor CRM®

* Firm detail as of January 1, 2017

A Case Study in Aligning Technology with Practice Goals

Some RIAs are eager to grow their client rosters and assets under management, but not Steward Wealth Management.

“We’re interested in becoming more efficient rather than growing our practice,” explains Dustin Stiefel, Co-Founder and Principal of Steward. “This is a great lifestyle business. I used to be jealous of guys who had a \$1 billion firm, but I asked myself, ‘What does it take to have a \$1 billion firm?’ I don’t want one of those. It may look good in advertisements, but what it takes to grow it is not in our skillset or what we’re interested in doing.”

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Mr. Stiefel and Co-Founder and Principal Vince Hawkins, CPA established Colleyville, Texas-based Steward in 2007, and by 2016, they were seeking to accomplish more for clients while spending less time behind their desks. They also wanted to ensure a seamless succession for their lifestyle business when they decide to retire.

Mr. Stiefel and Mr. Hawkins were able to customize Envestnet | Tamarac’s (Tamarac) Advisor® Xi wealth management technology platform for independent RIAs to align with Steward’s small team and efficiency goals. Today, Tamarac’s applications enable them to run Steward more efficiently while making it easier to hand the business off to new blood when the time comes.

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Aggregation Without Integration is Problematic

When Steward was launched as a two-man shop with \$8 million in assets under management, its founders knew that they had to invest in technology to effectively service and manage client accounts. Mr. Stiefel and Mr. Hawkins procured portfolio management and reporting, trading and rebalancing, and client relationship management (CRM) software from different vendors. After a while, the arrangement was no longer workable.

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“It worked well for many years, but we grew to a point where even though there was some level of integration, they didn’t work seamlessly with each other,” recalls Mr. Stiefel. “We weren’t necessarily dissatisfied with any of them, but we were spending too much time trying to manage the vendors so they could work better together.”

The lack of integration among the systems transformed what should have been a time-saver into a time-drainer.

“The data aggregation we had was good, but it created a new challenge because we were pushing data around,” says Mr. Stiefel. “We were exporting data out of multiple systems, scrubbing it, and then importing it into other systems. It took an hour-and-a-half to two hours a day just to complete that process, and we had to deal with the costs associated with that.”

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Mr. Stiefel and Mr. Hawkins consulted the members of their Dimensional Fund Advisors study group, which consists of practice leaders from 12 Southern wealth management firms who meet on a quarterly basis, about their practices. The group members recommended an alternative provider of wealth management technology solutions whose platform several of them were in the process of implementing.

However, after performing due diligence on the technology vendor’s platform, Mr. Stiefel came to the conclusion that it was “just a glorified single-sign-on.” He also felt it wasn’t capable of offering a customized solution that aligned with Steward’s high-level efficiency goals.

“**it nailed all the things we were looking for—it provided a single platform to make us more efficient as a back office, it was focused on practice support as opposed to a sales pipeline, it offered a team to assist us with any technical issues, and it had processes that we could personalize for our firm.**”

“I felt it was driven toward a marketing campaign—how to get new clients, and how to interact with those clients better—but that wasn’t the phase of growth we were at,” says Mr. Stiefel. “We were at the phase where we wanted to become more efficient and have more time to do the things we wanted to do with clients.”

Another group member recommended Tamarac, and Mr. Stiefel remembers, “I looked, and it nailed all the things we were looking for—it provided a single platform to make us more efficient as a back office, it was focused on practice support as opposed to a sales pipeline, it offered a team to assist us with any technical issues, and it had processes that we could personalize for our firm.”

Self-Directed Education

Steward implemented the entire Advisor Xi suite over a six-month period in 2016, a busy year during which the firm also began constructing a new office and revamped its logo and branding. Due to the firm's other business initiatives during this time, Mr. Stiefel and Mr. Hawkins chose to utilize the online “Tamarac University” (Tam U) software training program, as opposed to the classroom-style Tam U option, where multiple RIA firms gather in Seattle or Raleigh, N.C., for multi-day intensive training. Both the online and monthly in-person Tam U training is available for all clients as an ongoing resource.

Utilizing the online Tam U, Mr. Stiefel and his colleague were able to learn how to navigate the Advisor Xi applications, and how they work together to optimize workflow processes. The video tutorials and demonstrations, along with other multimedia educational tools available in Tam U online, enabled the Steward team to become proficient with using the Advisor Xi programs.

Customizing Tamarac's Processes to Optimize Steward

Many of the processes the Steward team learned about during the Tam U training could be tailored to align with the firm's size and structure.

As Steward implemented the complete Advisor Xi suite—the Advisor View™ portfolio management, reporting, billing and client portal application; the Advisor Rebalancing® trading program; and the RIA-centric Advisor CRM® system—Tamarac assigned them a dedicated support team that worked closely with Steward to adapt workflow processes in each of the platform components and ensure a smooth transition. Tamarac continues to collaborate with Steward to optimize their business processes and drive greater efficiencies throughout their firm.

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Steward is also utilizing the Tamarac platform to eliminate manual paper processes for all tasks. The firm had developed a guidebook of manual paper processes with one of its previous technology vendors so that a client service associate (CSA) or other third party could step in to manage any process. However, through its ongoing dialogue with Tamarac, Steward is gradually eliminating manual paper processes, and making it possible for anyone to assume control and manage processes electronically through Advisor Xi.

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“If we hired a CSA tomorrow, they would be able to manage all workflow processes, such as onboarding clients and opening new accounts, by themselves using the Advisor Xi platform,” says Mr. Stiefel. “We’re not looking to add more staff, but if we need to bring someone in, Tamarac can help ensure that our clients don’t experience any interruption in service.”

The Belle of the Study Group’s Ball

Thanks to the deep integration between Advisor View, Advisor Rebalancing, and Advisor CRM, the Steward team no longer has to spend one-and-a-half to two hours each day exporting and importing data between multiple systems. Additionally, the team has freed up one-and-a-half to two hours every day by outsourcing daily reconciliations to Tamarac Advisor Services.

During the transition from Steward’s previous rebalancing application to Advisor Rebalancing, Mr. Stiefel compared the number of clicks both solutions required to place a trade, send it to Charles Schwab & Co. (the firm’s primary custodian), validate it, and submit it. The previous application’s process necessitated 26 clicks from start to finish, while Advisor Rebalancing only requires eight.

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The 26 clicks required by the previous software involved creating a PDF file for a trade, then pulling up the trade and its PDF file, and confirming that the correct trade was executed. Working with Tamarac, Steward has dramatically simplified their process of creating and executing trades, while ensuring their data set is accurate.

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“One of the things that makes Tamarac so attractive is that I don’t need to move through multiple systems to complete a trade—I just hit the rebalance button and approve the trade, then Tamarac automatically sends the trade to Schwab, and I go to Schwab to validate and submit. I’ve gone through this process a lot, and 99 percent of the time, Advisor Rebalancing produces trades I agree with when I hit the rebalance button,” says Mr. Stiefel. “The whole process takes eight clicks from start to finish. When you think about the hundreds of trades we make every year, that’s a big number of clicks that we’re saving. In our shop, we only have two advisors, so we’re saving a lot of very valuable time.”

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After implementing Advisor View and Advisor Rebalancing, Mr. Stiefel and Mr. Hawkins went to a study group meeting and shared the results of Steward’s transition. The other members were impressed, especially since many of them were still undergoing a lengthy transition to the portfolio accounting system from the vendor they had recommended to the Steward team—the same provider that Mr. Stiefel felt, upon further inspection, offered “a glorified single-sign-on.”

“They couldn’t believe how clean our data set was,” recalls Mr. Stiefel. “Whereas they were spending six months to a year just getting their data transitioned to this other provider, Tamarac made our portfolio accounting data transition seamless and fast, and we didn’t have to clean up our data at all. At the end of the day, we had negligible downtime and trustworthy data, and it’s easy for us to perform tax-loss harvesting.”

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The Steward team also spends less time on phone calls with clients thanks to the Advisor View client portal. Mr. Stiefel estimates that 75% of Steward’s clients who are below age 60 utilize the client portal to access reports and data. That percentage may increase when Steward rolls out the Advisor View iPad app.

“The client portal is customized with our look and logo, and we receive fewer phone calls from clients asking to check on numbers,” says Mr. Stiefel. “It’s been a good resource for clients who want to know monthly or daily returns. The portal has freed up some of our time and manpower, and our clients who log in have access to more data than ever before if they choose to look at it.”

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This extensive volume of financial news and data in the client portal is, in and of itself, a primary reason for the reduction in phone calls from clients. Mr. Stiefel and Mr. Hawkins chose to expose clients to as much information as possible in the client portal so they would have the freedom to avail themselves of it if they wanted.

However, while Mr. Stiefel is glad to provide as much news and commentary as possible in the client portal, he also understands that too much financial data and analysis can be detrimental for clients who do not have the expertise to properly digest and contextualize it. As a result, he customizes client-facing reports in Advisor View so that clients can remain focused only on their performance and goals, without getting distracted by unnecessary information.

“We adhere to the Syms [clothing store] slogan, ‘An educated consumer is our best customer,’ so we don’t put any numbers or data in our reports,” says Mr. Stiefel. “We only include an account’s or an investment’s long-term track record, and call attention to active traders who have tried to predict the future and how wrong they were—such as those traders who predicted Hillary Clinton would win the Presidential election. There’s a lot of information out there, and some of it is destructive, so our goal is to combat the noise our clients are seeing in the media, without numbers, while pounding away at our core belief that you can’t beat the market by predicting the future.”

When they told the study group that they expected Steward to increase assets under management by \$50 million as well as generate \$2.5 million in revenue and \$100,000 in overhead expenses for fiscal 2016, the other members were dumbfounded.

In addition, Tamarac has helped Steward simplify the process of mailing pies to clients during the holiday season. Exporting client mailing addresses, family details, and pie preferences into a spreadsheet for the pie company required a full week to complete prior to the implementation of Advisor View and Advisor CRM. The process now takes just 30 minutes.

“ We grew our assets under management by \$50 million last year. That would make some firms say it’s time to hire more people, but we don’t have to because the Tamarac technology provides the manpower of two to three people. ”

Steward’s assets under management increased by \$50 million in 2016 due in part to the operational efficiencies facilitated by Advisor Xi. At the most recent study group meeting, the members presented a financial analysis and outlook for each of their practices. Mr. Stiefel and Mr. Hawkins were the first to address the group. When they told the group that they expected Steward to increase assets under management by \$50 million as well as generate \$2.5 million in revenue and \$100,000 in overhead expenses for fiscal 2016, the other members were dumbfounded.

The other group members run practices that, on average, have twice the number of staff members as Steward. “They have firms that are the same size or bigger than us in terms of assets, but they only make \$200,000 in income because they have these giant staffs that are eating up their margins,” says Mr. Stiefel. “We grew our assets under management by \$50 million last year. That would make some firms say it’s time to hire more people, but we don’t have to because the Tamarac technology provides the manpower of two to three people.”

Looking Ahead

Besides Mr. Stiefel and Mr. Hawkins, the Steward team includes one CSA whose weekly hours have been reduced to 21 from 40 thanks to Tamarac’s operational efficiencies. The firm also offers the services of a CPA, an estate planning attorney, and a health insurance specialist who function as independent contractors and enable the Steward team to provide holistic wealth planning for clients.

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“We managed to grow our firm’s assets under management to \$225 million in nine years, and during that time we’ve only had to hire one extra person,” says Mr. Stiefel. “We’ve been very blessed to have the margins and level of business we have, and we’re fortunate that we don’t need more staff.”

His primary focus going forward is succession planning. Last year, Mr. Stiefel and Mr. Hawkins added an investment advisor to Steward’s roster to provide a resource for current clients seeking additional advisory services, and prospects who approach the firm.

“I’m 42 and my partner is 53, and we’ve talked a lot about what will happen to the business,” Mr. Stiefel reveals. “We hope to be able to manage around the same amount of assets, while spending less time behind a desk and more time doing things in front of clients—and more time doing things with our families. Based on our experience with Tamarac over the past year, we expect to be able to operate our business the way we want until we retire.”



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Mr. Stiefel has two sons, who are ages 15 and 12, and would love for one of them to eventually take over Steward. If they prefer not to assume the reins, “I could wind this down well into my 60s or 70s with the efficiencies afforded by Tamarac’s technology. I could be in the office for a few hours, and allow the technology to run the back end while I meet with clients or play golf with them.”

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Envestnet | Tamarac's web-based platform for independent RIAs, Advisor® Xi, deeply unifies portfolio management, modeling, rebalancing, trading, billing, and reporting with a client portal and enterprise-level client relationship management (CRM) system.

For more information about Envestnet | Tamarac's Advisor Xi, please visit www.envestnet.com/tamarac or follow [@TamaracInc](https://twitter.com/TamaracInc) (twitter.com/TamaracInc).