WHITE PAPER

GeoWealth

Five Red Flags to Avoid When Choosing a TAMP

Our Tips for Finding a Turnkey Asset Management Partner

As the independent wealth management landscape continues to evolve, accelerated by the COVID-19 pandemic and ongoing market and economic uncertainty, the value a financial advisor provides changes with it. Today's advisor is expected to be a financial planner, guidance counselor, client confidante, and goal keeper across his or her entire book of business.

And for most advisors, building those client relationships is their greatest strength. It's how they ultimately drive the loyalty, retention, and referrals that contribute to business growth.

But to focus on those client relationships, something has to give. Financial advisors, many of whom are also small business owners, can't afford to spend the majority of their time managing tedious back-office functionality – or hiring, onboarding and training in-house employees to do it for them.

Advisors are facing ever-increasing competition from other RIAs and their robo counterparts. The recent hiring environment adds additional complications. These dynamics make it critical to find ways to offload lower-value tasks without adding manual labor or having to spend the time vetting, implementing and maintaining technology.

Working with a Turnkey Asset Management Platform – TAMP for shorthand – enables financial advisors to focus on providing holistic, professional guidance and support to their clients. How? The TAMP takes on those less valuable but still business-critical middle- and back-office tasks.

But not all TAMPs are created equal. To effectively drive the focus and competitive advantage today's modern advisor needs, it's important to know what to look for – and what to stay away from – in a TAMP partner.

Follow our guide to avoid the **five most common red flags** we see in the TAMP space:

1. A fee structure that doesn’t align with yours

While the advisory fee model has changed over the years to account for the services clients value most, a number of legacy TAMP fee structures haven’t evolved accordingly. Cost is consistently the biggest roadblock we hear from advisors who want to leverage a TAMP for the operational benefits, but can’t justify absorbing the exorbitant platform fees, or passing the fees on to clients.

When a TAMP outsources some services, or licenses some underlying technologies, fees can skyrocket to account for the additional providers. Advisors should also look out for hidden fees baked into some TAMPs’ limited lineups of models and strategists.

Cost-effective TAMPs develop their own proprietary technology (meaning no additional platform fees) which creates a compelling, competitive fee structure that keeps in mind both clients’ net returns and advisory firms’ bottom lines. What’s more, open-architecture platforms allow firms to select the solutions they feel best serve their clients, whether those are advisor-managed or third-party models.

2. Outdated infrastructure

Just like many legacy TAMPs have failed to evolve their fee structures since their inception decades ago, their underlying rigid, inflexible operational infrastructures can also cause problems for advisors, who have specific challenges and unique client needs.

Some TAMPs, for example, can’t easily accommodate advisor-managed models, which becomes a real problem when investment management and portfolio construction are critical pieces of an advisor’s value proposition.

TAMPs should be constantly evolving with the wealth management landscape, bringing development teams, trading teams, and operations teams together to develop new capabilities in response to feedback and suggestions from their clients. A TAMP that’s unwilling, or unable, to adapt will in turn fail to help advisors future-proof their businesses.

3. An inability to scale with your growth

Ideally, a TAMP will help you grow by enabling you to focus on deepening your current client relationships and build new ones. And as you do, your TAMP should be able to provide platform services and responsive, tiered pricing options that adjust seamlessly to your new needs.

But while most TAMPs claim scalability as a benefit, it tends to be more of a buzzword than reality. Because of their aforementioned inflexible models and rigid, outdated infrastructures, many TAMPs struggle to accommodate expanding books of business and new service lines, forcing firms to supplement with in-house, back-office personnel.

As you're evaluating TAMP providers, look for platforms able to serve firms of all sizes to ensure they can grow with you as you do.

4. Siloed workflows

You're able to more effectively serve your clients when you can bring all aspects of their financial lives together – and a TAMP works more effectively when every process is integrated from pre-trade to post-trade.

When TAMPs build their own technology from the ground up using components designed to work together, advisors are able to run their entire practices through a single portal, from portfolio construction to reporting to billing.

But TAMPs that outsource underlying technology from disparate vendors create a very different experience. Without seamless integration across the platform's many functions, you'll find yourself trying to Frankenstein the workflows the TAMP was supposed to provide. The end result? Your frustration as you waste precious time, resources and money.

5. Lack of service and support

The "platform" component of the TAMP – that is, the technology it's built upon – gets a lot of attention. But we believe the service aspect of a TAMP is equally, if not more, important.

We know you don't have a crystal ball, but you may be able to tune into a TAMP's service philosophy – or lack thereof – even before the contract is signed. For example, do you have a dedicated consultant or relationship manager, or does your firm get shuffled around to different 1-800 numbers when you have questions? Does the TAMP work with you to identify the tasks that make most sense to outsource, or do they expect you to conform your business to their one-size-fits-all model?

Once onboarding begins, is the training robust and tailored to your firm's specific needs, or is it a largely DIY process dependent upon generalized video demos and one-pagers? Can you rely on the TAMP to help you repaper accounts and load historical data, if necessary, or is that work left up to you?

Finally, does the TAMP look for ways to truly enhance efficiency at your firm by suggesting operational adjustments or new features that meet your specific challenges – or do you never hear from them again?

Choose a TAMP Partner, not a Provider

You understand how important it is to act as a partner to your clients – not just managing their money, but listening to their concerns, providing expert guidance, and making strategic recommendations in service of their goals.

Your TAMP should do the same for you. The right TAMP will treat you like more than a one-and-done contract, looking for ways to help you better serve your clients, solve operational pain points, and ultimately grow your business.

GeoWealth: Tech-Enabled, Advisor Driven

GeoWealth built its powerful, flexible technology from the ground up to enable the flexibility to accommodate every RIA's unique business structure, as well as to displace the lofty expenses associated with third-party technology platforms. But partnering with GeoWealth is about more than just cost savings. Our service-oriented model puts your success – and the success of your clients – at the forefront, ensuring you get the world-class support you need to reach your biggest business goals.

Want to learn more? **Get in touch with GeoWealth today.**

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