

# ADVISOR SOLUTIONS

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## BE EXTRAORDINARY

Client experience is a key  
to future growth

## YOUR 2018 TO-DO LIST

4 New Year's resolutions to  
consider to improve efficiency and  
growth in 2018 and beyond

A woman with blonde, wavy hair, wearing a dark blue long-sleeved dress and a necklace, stands on a balcony. She is smiling and looking towards the camera. The background shows a cityscape with red-tiled roofs and greenery under a clear blue sky.

# IT'S A FAMILY AFFAIR

BY TREATING CLIENTS AND EMPLOYEES LIKE FAMILY,  
LAURA TARBOX HAS BUILT A FIRM SHE IS PROUD OF

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**FOR YEARS I DIDN'T MAKE ANY MONEY. I STARVED AND I STRUGGLED AND I WORKED HARD TO KEEP MY DOORS OPEN UNTIL I BUILT UP THE BUSINESS. BUT I ALWAYS KNEW I WAS DOING THE RIGHT THING."**

—LAURA TARBOX  
Founder and CEO,  
Tarbox Family Office

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By treating clients and employees like family, Laura Tarbox has built a firm she is proud of



ON THE COVER AND THIS PAGE: LAURA TARBOX, TARBOX FAMILY OFFICE  
PHOTOGRAPHY BY FRANK ROGOZIENSKI

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# IT'S A FAMILY A

BY TREATING CLIENTS AND  
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LAURA TARBOX HAS BUILT A  
FIRM SHE IS PROUD OF



# FFAIR

BY LISA JOYCE

**L**aura Tarbox almost called it quits. In the early 1980s, she was a commission-based financial advisor for a large broker-dealer, a role that she jokes was on “the dark side.” The sales culture frustrated her. “I hated having to sell clients a product regardless of whether or not it was appropriate for them,” she recalls.

Tarbox was seriously considering putting her degree in English Literature from the University of California Los Angeles to use in a different industry when she discovered the Certified Financial Planning (CFP) Board. That business model struck a nerve.

“Finding the CFP Board changed everything,” says Tarbox. “I had found a way to approach financial planning holistically and not just sell products.”

Tarbox rallied around what she considered a more ethical approach to financial advice that put client interests first. She joined and was active in the CFP Board. She taught CFP courses at the University of California Irvine for 20 years, instructing about 1,000 students during her tenure.

And in 1990, she launched The Tarbox Group (now Tarbox Family Office) as a fee-only firm. Today, Tarbox Family Office has eight employees, serves 90 client families, and manages \$580 million in assets. As the firm has grown and evolved, Tarbox has steadily increased client asset minimums. The vast majority of new clients have at least \$10 million in investable assets. Many are entrepreneurs in the technology industry.

### Early Struggles

It hasn't always been smooth sailing, however. Dropping her licenses to move to fee-only in 1990 meant a big drop in income.

During the lean years when she was establishing her firm and growing her client base, Tarbox worked three jobs—including delivering the *Wall Street Journal* in the middle of the night, working as a bookkeeper for a record store on the weekends, and cleaning houses.

"It was crazy how long it took to establish the business. For years I didn't make any money," she recalls. "I starved and I struggled and I worked hard to keep my doors open until I built up the business."

"But I always knew I was doing the right thing."

A turning point for Tarbox was a 1996 nomination from *Worth* magazine as one of the "Best Financial Advisors" in the country (an honor she's received every year since). At first, she declined the nomination. "I'm so glad I changed my mind," laughs Tarbox. "The article was a huge turning point for the firm. I got so many new clients."

### Market Niche Defined

About 15 years ago, with advice and input from a consultant, Tarbox decided to focus on higher-net-worth clients, a surprisingly underserved market in tony Newport Beach, California. "It's crazy but there aren't a lot of firms that do what we do: independent, fee-based planning, tax planning, and sophisticated estate planning," Tarbox notes.

The focus on a specific client niche has been critical to growth. "I used to get distracted by so many opportunities and wasted a lot of time," says Tarbox. "I considered getting acquired by a bank, merging with another firm, and taking on small clients. But now we focus on what we do best and build out our depth of expertise."

That market strategy also allows Tarbox to define exactly the type of clients she and her team members enjoy working with. In addition to meeting asset minimums, the ideal client is a delegator who appreciates the firm's expertise and doesn't fight every recommendation. "Our best clients have bought into our approach," explains Tarbox. "Many are financially sophisticated and have managed their own investments. We need to bring our A game to these clients."

Tarbox isn't afraid to turn away clients who aren't the right size or fit. She refers many potential clients to other advisors, although she has strict criteria about whom she refers to. Any advisor she refers to must be fee only, have an investment approach that makes sense, and be a strong planner. "We have a small list of



Laura Tarbox

advisors we are comfortable referring to," she notes.

### Growing the Client Base

To grow the client base, Tarbox relies mostly on referrals. Since she's so active in her community (see sidebar *Giving Back*), she's often top of mind for many prospects who might be looking for a financial advisor. She also works with a few centers of influence who refer clients her way, but the firm's high asset minimums mean that many potential referrals from attorneys or certified public accountants (CPA) don't qualify.

Tarbox is selective in who she receives referrals from, looking for centers of influence with similar approaches to her own. One, an estate planning attorney who Tarbox believes really cares about her clients, has been a great referral source. But she is mainly interested in slow and steady growth, typically adding three to five clients per year.

"Our pipeline is currently full," she says, noting that she wants to cap the number of client families at about 150 but reserves the right to halt growth before hitting that milestone, depending on the firm's ability to service their existing client base.

### Family Focus

Tarbox was a pioneer in 1990, and she continues working to push the industry forward. The Tarbox Group is now Tarbox Family Office, a name change that better reflects how the firm approaches its clients.

Tarbox was increasingly frustrated with many in the financial

advisory business calling themselves wealth managers and family offices. “We know that’s not true,” says Tarbox. “Many of these folks are just selling products.”

Tarbox understands the value she and her firm provide to clients, so she decided to adopt a name that showcases that value. “We’ve always been very comprehensive. As our clients’ net worth increase, so does the complexity of what we do for them,” she explains. Many clients have multiple homes, philanthropic interests, and want to pass down wealth to their children and grandchildren in a way that makes sense for them.

She admits that many clients don’t really understand how a family office is different from a financial planner, but that’s okay. “All clients want to know is that we will take care of their entire family,” she says.

As comprehensive financial planners, she and her staff often find themselves assisting clients with matters beyond the scope of financial advisory services, such as travel recommendations or in which state to title a recreational vehicle. To handle these requests, the Tarbox Family Office plans to add a concierge to the team.

## Growing the Team

For Tarbox, retaining the firm’s culture—which she describes as relaxed, open, and fun—is critical. Every job candidate’s third interview includes an informal lunch with the entire team so everyone can weigh in on the hiring decision. Since the firm offers team bonuses rather than individual bonuses, each team member has to agree that the new employee will bring value to the firm rather than dilute the bonus pool.

The process works: Tarbox says the firm has made a hiring misstep only a few times.

Tarbox is always on the lookout for young talent. When teaching at UC-Irvine, she was able to recruit some of the best and brightest from among her students. Today, she brings in next generation talent through a paid internship program, often reaching out to children of clients or others she knows in the community to fill posts.

Tarbox is actually in the unusual position of trying to attract more men to the firm. Currently, only one of the firm’s eight em-

ployees is male, even though Tarbox says that industry-wide about 85% of certified financial advisors (CFA) are male. Perhaps the firm’s culture attracts women, she muses. But having such a female-heavy firm is by accident rather than by design.

They even engaged a national recruiting firm in an attempt to bring in a male advisor, but, notes Tarbox, the top two candidates were women, one of whom the firm recently hired. Tarbox recommends that other firms consider using a recruiting firm. “It was a big step for us,” she says, “but being able to attract talent nationally is good for the firm.” It also saves a lot of time. “A good recruiting firm knows exactly what you are looking for and can bring you candidates quickly.”

## Growth Through M&A?

Mergers and acquisitions are an industry trend, but Tarbox doesn’t expect to follow that path to growth, although she would entertain a deal if the circumstances were right. Part of the reason she’s focused on organic growth is that she doesn’t want to decrease her client asset minimums and few advisors have a practice in which clients have at least \$5 million to \$10 million in investible assets.

The other roadblock is culture. Tarbox has worked hard to create a firm culture that works for her, her employees, and her clients, and she doesn’t want to jeopardize that. “I have many peers who have done an acquisition but often I don’t think it is positive for the culture or for the clients,” she explains.

The team is close-knit and even attends Saturday morning spinning class together. (Tarbox herself is a fitness aficionado who loves running, hiking, and yoga—she’s currently training for a sporting event in Alaska that includes hiking, mountain biking, and kayaking.)

“We really like each other and love coming to work!” says Tarbox.

The team is also very quality-oriented and obsessive about details, Tarbox says. “We can’t make mistakes. We can do a great job managing investments but if we mess up a little detail, the client will lose trust.”

While she admits that the payout from a business deal could be attractive, the money doesn’t sway her. “I love my team and I love my clients. I want to grow very deliberately and organically,” she says. ■

## Giving Back

Laura Tarbox is very active in her community and committed to giving back. She’s a founding Board Chair of the Laguna Beach Community Foundation, Treasurer of the Laguna Beach Schoolpower Endowment Fund, Laguna Canyon Foundation’s Gift and Estate Planning and Investments Committees, and Board member of ChildAid, a non-profit foundation dedicated to creating opportunity through literacy in the lives of Latin American children living in poverty.



Tarbox Family Office also works with non-profits largely on a pro bono basis. And she also helps clients come up with a charitable giving strategy that they are comfortable with. It can take years for a first generation wealth creator to fully embrace the fact that they could never spend their wealth on themselves or their family and that they can do so much good through philanthropy, explains Tarbox. It’s a slow, but rewarding, process, she adds.