



# Collegium VII: Defining and Achieving Business Sustainability

Comprehensive Report

By: The UHNW Institute



Jamie McLaughlin

**Collegium Facilitator**

CEO J.H. McLaughlin & Co

Board of Directors, The UHNW Institute

## About Institute Collegia

The UHNW Institute Collegium is a program designed to promote peer-to-peer idea sharing on a singular, thought-provoking topic relating to practice management issues. The program is geared towards operating principals and uses facilitator-led, small-group breakouts, followed by a general session with reports from the breakouts.

Collegia are held biannually: one in the spring, open to all UHNW Institute Members, and one in the fall, by invitation only for leading industry operating principals.

# Defining and Achieving Sustainability

## Summary

The UHNW Institute's Collegium VII brought together a select group of senior operating executives and thought leaders of firms serving the ultra-high-net-worth client segment. With a compelling theme of "Defining and Achieving Sustainability," the event hosted by Jamie McLaughlin, generated an atmosphere of insight, innovation, and a spirit of collaboration. "We're here to create original thinking," Jamie told the group. "Today is not a spectator sport—lean in and participate. We must embrace that we as leaders of the industry *can change the industry.*"

Under Jamie's leadership, Collegium VII was highly immersed in the strategies and structures that will shape the future of wealth management. Participants engaged in rigorous dialogue on how firms can align their structures with long-term goals, redefine service models, and preserve client relationships—while embracing forward-thinking approaches in a rapidly evolving industry.

With an agenda designed to challenge, inspire, and develop tangible solutions, attendees explored themes around "The Firm of the Future," organizational design, scale, and profitability, all with the aim of building sustainability. From a visionary keynote to thought-provoking breakout sessions, the day was filled with moments of revelation and actionable insights, reflecting the rich exchange of expertise in the room.

Each session uncovered fresh perspectives on the unique challenges and opportunities facing ultra-high-net-worth service providers. The UHNW Institute facilitated not only a gathering but also a movement toward a more resilient, client-centered industry.



## Collegium Prerequisites

In preparation for the Collegium, attendees engaged with a range of pre-work designed to frame the evolving landscape of family wealth advising. Participants explored Bain & Company's [Founder's Mentality framework](#), which examines how companies can achieve sustainable growth by adopting entrepreneurial leadership qualities such as a bold mission, customer obsession, and an ownership mindset—essential for overcoming complexity and driving long-term success. Additionally, they watched Bain's [Firm of the Future video](#), featuring keynote speaker Andrew Schwedel, which highlighted strategies for thriving and surviving in a fast-evolving environment, focusing on agility, digital innovation, customer-centricity, and employee empowerment. "The winners in this challenging environment," he asserted, "will possess scale, speed, and intimacy."

Another key component of the pre-work centered on the concept of Wealth 3.0, a transformative phase in family wealth advising that shifts the focus from fear-based wealth preservation to a positive, integrative approach emphasizing family strengths, communication, and purpose. This framework builds on the Ten Domains of Family Wealth model to align resources, relationships, and strategies with a holistic vision for multigenerational success. Wealth 3.0 also advocates for professionalization in the field through rigorous education, research, and standards, fostering collaboration among advisors to address both financial and non-financial needs.

**“The pre-work on the Founders Mentality was very thought provoking and there is a lot of work for us to do ...related to this topic, particularly on the concept of ‘insurgency.’”**

- 2024 Collegium Attendee

## Collegium Structure and Session Highlights

The Collegium was organized into five core segments, each designed to encourage meaningful discussions and provide practical takeaways, concluding with a focused and collaborative dialogue. Throughout the sessions, participants explored a variety of business models and strategies for developing and maintaining scale while preserving 'client intimacy.' They also examined approaches to aligning firms' capital structure with their long-term objectives including delivering integrated wealth management. Focus areas included:

- **Keynote Speech:** "The Firm of the Future: Scale Insurgents and Disruptors"
- **Service Model and Delivery**
- **Organizational Design and Capital Structure**
- **Scale:** Growth and Profitability
- **Breakout Sessions:** Unpacking the essentials for integrated wealth management



# Keynote

## The Firm of the Future: Scale Insurgents and Disruptors

Andrew Schwedel, head of Bain & Company's Macro Trends Group, delivered the keynote on "The Firm of the Future," exploring how businesses, including wealth management firms, can achieve sustainable growth while maintaining agility and mission alignment. Schwedel introduced the concept of "scale insurgency," a transformative business model that leverages technology to enable rapid scaling without sacrificing innovation and personal connection. He also traced the evolution of business practices, highlighting the opportunities and challenges businesses face in sustaining value creation and navigating today's dynamic market environment.

### Key Takeaways:

- **Sustained Value Creation is Rare:** Only 1 in 8 companies consistently outperform their industry over a 10-year period. Failures are typically internal, stemming from issues like resource mismanagement, complexity, and a lack of strategic focus.
- **The Founder's Mindset and Scale Insurgency:** Founder-led companies thrive by challenging the status quo and serving underserved markets. As they scale, complexity often threatens their original mission and decision-making speed. The "scale insurgency" concept addresses this by enabling growth while preserving nimbleness and core values.
- **Manage Complexity as Growth Occurs:** Growth introduces complexity, which can dilute focus and erode the benefits of both scale and the founder's mentality. Sustainability requires maintaining clear mission alignment and strategic clarity.
- **Competitive Dynamics are Evolving:** The traditional focus on shareholder primacy is giving way to models that leverage technology to balance size with agility. This shift challenges professional management structures, emphasizing the need for key "franchise players" who align with a company's mission.
- **The Importance of Both Spiky Leaders and Well-Rounded Teams:** There is value in moving away from generalist managers and instead focusing on pairing "spiky leaders"—individuals who are exceptionally skilled in specific, mission-critical roles—with well-rounded teams.
- **Leverage Technology as a Game-Changer:** Advances in technology allow companies to scale rapidly while retaining the flexibility and innovation of startups. This marks a new era of competition where businesses can grow fast and large while maintaining their agility and mission focus.

**"I thought the addition of an outside speaker who is outside our industry was a great way to get our juices flowing and think differently. I would repeat this!"**

– Collegium VII participant



# Session 1

## Service Model and Delivery

The first topic of the day, Service Model and Delivery, came with a set of questions challenging firms to clarify their unique value proposition, assess the scalability of their services, evaluate the relevance of traditional business models, explore the cost-effectiveness and potential of delivering integrated wealth management, and contemplate the promise of tech-enabled solutions like Generative AI in optimizing work processes.

Participants explored the evolving nature of wealth management, shifting from commoditized investment services to a more holistic life counseling approach. The discussion focused on creating tailored services, enhancing client retention, and developing organic and inorganic growth strategies. Key metrics such as referral rates and profitability were discussed as crucial to sustaining growth. The importance of measuring “client excitement” as a potential driver of success was highlighted.

## Key Takeaways:

- **Promote Integration as a Service**

- Integration should be seen as a standalone service offering, not just a byproduct of delivering other services.
- Effective integration creates value by connecting specialized services and ensuring they function cohesively, not unlike the spokes in a wheel.

- **Communicate the Value Proposition of Integration**

- Clients recognize the necessity of integration and are willing to pay for it.
- Integration complements specialized services, but clarity is crucial regarding whether your business is primarily an integrator or a specialist.

- **Understand that Integrators and Specialists Are Both Key Roles**

- Both integrators and specialists are essential for effective service delivery. Success lies in aligning the service model with a combination of the firm’s self-identity and client needs.

**The session concluded with a polling question for the group:**

Does your firm identify as more of an investment advisor or full-service wealth manager?

- 95% of participants selected full-service wealth manager
- 5% of participants selected investment advisor



# Breakout Session

## Service Model and Delivery

The breakout group continued to explore the defining elements of integrated family wealth management, emphasizing that integration complements specialist services rather than replacing them. Integration adds significant value by ensuring all aspects of a family's wealth are interconnected. Key insights also included:

### Key Takeaways:

- **Integrated Service is a Unique Offering:**  
Integration itself is a distinct value-added service that clients value and are willing to pay for.
- **There is a Need for the Expert Generalist Role:**  
Expert generalists and specialists work in coordinated teams to provide holistic support.
- **Standardized Processes for Customized Outcome:** A uniform discovery process across wealth domains enables firms to provide tailored solutions.
- **There's Value in Transitioning from the AUM Model:** Moving away from traditional asset-based pricing models can better reflect the standalone value of integration.

# Session 2

## Organizational Design and Capital Structure

The second session of the Collegium highlighted the complex considerations around organizational design and capital structure. A central theme emerged: the importance of aligning the firm's capital structure with its long-term strategic vision and values. Specifically, how can firms balance the priorities of owners, clients, and staff while examining the potential disruptive impact of outside capital on brand identity, client experience, and advisor behaviors, and whether aligning interests with a capital partner is even achievable.

Participants discussed the pros and cons of various outside capital partners and the relative benefit of a strategic partner over a purely financial investor, emphasizing the need for alignment with long-term goals. The group also examined succession planning and the role of outside capital in ensuring firm sustainability. The conversation included the negative implications of a public market exit and maintaining independence while continuing to scale.



# Key Takeaways:

- **Prioritize Alignment with Outside Capital Partners:** Firms must carefully evaluate potential capital partners to ensure strategic fit and shared values. The group emphasized the benefits of “virtuous” firms that serve clients, employees, and capital sources equally, versus those focused solely on financial outcomes.
- **Promote Greater Internal Ownership:** There was broad agreement that greater internal ownership and employee equity participation can foster greater long-term sustainability and alignment with client and employee interests. There is evidence that it supports greater organic growth, too. Concentrated ownership, especially among aging founders, can create challenges around succession and liquidity.
- **Explore Alternative Capital Models:** The group discussed various capital models, including partnerships, private equity, and single-family office arrangements. Each approach has unique tradeoffs in terms of independence, growth capital, and ownership structure that firms must weigh.
- **Plan Ahead for Ownership Transitions:** Replacing capital partners can be disruptive, so firms must plan well. Maintaining client and employee trust during ownership changes was highlighted as a key priority.

While the industry is seeing consolidation and the rise of larger, scaled firms, the group acknowledged that smaller, independent firms still have a viable role. The overarching challenge is finding the right balance between growth, professionalization, and preserving the firm’s culture and values. By aligning capital structure with long-term strategic vision, wealth management firms can navigate this evolving landscape and continue serving clients effectively.

## Breakout Session

### Organizational Design and Capital Structure

The breakout session’s discussion focused on how capital structures impact a firm’s growth and operational sustainability, including:

- **Balancing Liquidity with Long-Term Investments:** Firms should ensure capital structures support both immediate liquidity needs and multi-year investments.
- **Equity Incentives for Ownership Culture:** Providing equity opportunities fosters long-term engagement and contribution to the firm’s success, most notably organic growth.
- **Capital for Growth in Technology, Talent, and Acquisitions:** Effective allocation is key to driving competitive growth, especially in acquiring high-value talent and adding technology solutions.

**The session concluded with a polling question for the group: We have an outside capital sponsor.**

- 70% of participants responded yes
- 30% of participants responded no



# Session 3

## Growth and Profitability

This session kicked off with a polling question for the group.

### Has your firm experienced margin expansion in each of the past 3 years?

- 60% of respondents answered no
- 40% of respondents answered yes

The day's final session looked at the impact of growth on client relationships and firm culture, the role of specific products or services in profitability, the importance of non-financial KPIs, and whether inorganic growth masks weak organic growth.

The discussion centered on the challenges in integrated family wealth management, particularly the need for advisors who are expert generalists, customized discovery processes, and standardized yet flexible service offerings. Growth strategies were also emphasized, particularly around tracking client profitability and developing ideal client profiles.

## Breakout Session

### Growth and Profitability

The focus was on cultivating a growth-oriented culture and ensuring client profitability. Major discussion themes include:

- **Intrinsic Motivation and Culture of Growth:** Firms should encourage and reward growth-motivated individuals and foster a culture that supports collaborative success.
- **Client Profitability Tracking:** An essential practice for identifying high-value clients and service offerings that maximize firm profitability.
- **Ideal Client Discipline:** Maintaining standards for client profiles, non-negotiables, and minimum fees ensures that the firm attracts and retains profitable, aligned clients.
- **Opportunities for Fee Increases:** Firms are encouraged to revisit and potentially raise fees as a growth strategy, especially when market conditions allow.





## In Summary

The 2024 Collegium highlighted the critical need for wealth management firms to balance scale and intimacy, align capital structures with long-term goals, and shift toward integrated service models that better address client needs. Firms that succeed will be those that can innovate while maintaining client intimacy, utilize strategic capital, and develop sustainable growth strategies—both organically and through acquisition. The importance of clear leadership, talent development, and intentionality was emphasized throughout the discussions, setting the stage for the future of the wealth management industry.

