To recruit more women advisers, industry needs to abandon sales culture

A new report from Carson Group taps into the knowledge of 59 female financial planning executives.

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One key to attracting more women to the wealth management industry might be to downplay the industry's sales culture and reworking compensation to reflect that.

According to a new study by Carson Group, which included interviews with 59 female financial planning executives, introducing new recruits in general, and women in particular, to financial services via team-oriented working environments is a key element.

"When it comes to women, the biggest thing is giving them the confidence, and the best way of doing that is through teaming, coaching and mentoring," said Teri Shepherd, Carson Group co-president.

"One of the things we learned is that women perform more effectively with a concept called teaming, a functional structure that supports and highlights each member of the team for the specialties and skill sets they bring to the client experience, rather than the more traditional practice we've seen for decades, where a single adviser, primarily male, is solely spearheading the direction of the firm," Shepherd said.

The research, which Carson Group plans to build on, represents another effort to improve gender diversity among the ranks of financial advisers.

According to the study, women represent just 18.1% of all financial advisers, despite making up 50.8% of the U.S. population. The percentage of women advisers has been climbing in recent years, but at a very slow pace. In 2018, women made up 17.2% of all advisers, up from 15.7% in 2015.

Shepherd thinks the independent advisory channel is where the gap can be narrowed, even though she believes it will likely take years to see real progress.

"When I've been out speaking at different industry events, I've had men come up to say they brought their daughter or other women from their office and they are looking for representation and role models," she said.

In addition to showcasing the women who are in leadership across wealth management, Shepherd said more effort needs to be made to shed the perception of a sales culture, which can be a turnoff for many women.

Teaming is a step in that direction because it enables women to focus on helping people, as opposed to joining a firm and being expected to focus on prospecting for clients and bringing in assets.

While financial planning, even without commission-based sales, still ultimately depends on recruiting clients to advise, Shepherd said the teaming concept allows women and men to get their feet wet and gain experience before they have to worry about prospecting.

The second component of teaming to recruit more women advisers is adjusting compensation models to take the emphasis off of client assets and product sales.

Shepherd described this as a big obstacle preventing more women from joining the advisory ranks.

“The overall compensation structure and a lack of awareness that you can be a financial planner without being a salesperson are barriers that need to be addressed,” she said, adding that firms should move away from traditional compensation models that start with a low base salary and lots of potential upside.

“For a lot of women, it’s not their passion to make calls and sell, sell, sell,” Shepherd said.

Even if some of the report revisits factors that much of the industry has long been trying to address, the study is winning kudos for keeping the focus on increasing women adviser ranks front and center.

“Bravo to Carson Group for commissioning this research,” said April Rudin, founder and president of the Rudin Group. “However, it validates what most of us already know.”

As older advisers retire from the industry, Rudin said more efforts need to be made to bring on more diverse candidates. And to do that, the education about the industry needs to start early.

“High school and college students need to be educated on the huge growth opportunities in this field, the portability and flexibility it can mean for women and men, and the ability to truly make a difference in your clients’ lives,” she said.

Nina O’Neal, partner at Archer Investment Management, said she can relate to the study findings and agrees that there is a need for more action to follow all the talk.

“Being a young financial adviser starting out is difficult, and being a woman unfortunately adds to that hurdle,” she said. “I partnered early on with a male and immediately implemented an organizational chart that we still review annually after 12 years together. The team approach has been much more successful for me than when I was operating as a solo adviser.”

Meanwhile, Tina Powell, chief executive of C-Suite Social Media, said that even if progress has been slow, “there has never been a better time to be a women in financial services.”

“The tools are there; women are being promoted; there are female events, and during the pandemic I saw women show up like never before,” Powell said. “The industry needs credit, because it has done a great job to start to bring solutions to the forefront. And as women, we need to take advantage of that.”

Some of the gaps that Powell sees have to do with keeping women in the industry despite the “friction” created when family commitments can drive some to leave the business.

“I see more and more younger women come into the field, but at some point in a woman’s life the family dynamics start to play a key role, and the workplace has to support that or not,” she said. “That’s where friction starts, and the key is to keep the women here. I think the industry is doing a great job, and it’s up to women to take advantage and to stay here even when the going gets tough.”