

## MANAGING YOUR PRACTICE: A DIMENSIONAL PODCAST SERIES

# Creating Long-Term Value in Your Business Through Human Capital

**Catherine Williams:** Hi, everyone, and thank you for joining us today. I'm Catherine Williams, head of practice management for Dimensional Fund Advisors. Around the globe in our work with advisors, we know that your people are your top priority and often where there's the greatest opportunity and certainly in 2020, where there have been some challenges. Whether through our long-standing benchmarks study or our direct engagements, attracting, retaining and developing people within an advisory firm are top priorities for many of the advisors we work with. Today, we're going to focus on how you achieve the cultural mindset to drive that development, to drive the value of your business long term. And to help me with that conversation, it's my pleasure to introduce J.D. Bruce and Stacey McKinnon. Hi, Stacey and J.D.

**Stacey McKinnon:** Hello.

**J.D. Bruce:** Hello.

**Catherine Williams:** I'll do a quick introduction, and then I'll ask each of you to share a little bit more about your firm. J.D. is president of Abacus Wealth based in Santa Monica. They are a 65-member firm with over \$18 million in revenue. And J.D. I'd love for you to share with our audience a little bit about the Abacus philosophy and how you approach business.

**J.D. Bruce:** Well, I think at Abacus we have a very intentional and longstanding approach where we focus on both our values and the values of our clients. Everything we do is around our core values. Everything we do with our clients is on their values, whether that's working with our clients' values and matching those to the right kind of investments, or it's incorporating those values in their financial planning, or just in our general hiring practices. Make sure we're hiring people who share our values. For us, values is everything.

**Catherine Williams:** I love it. That's great. And Stacey, as chief operating officer of Morton Capital, which is a \$13 plus million revenue firm, and you have 45 team members, so absolutely a great size organization. Tell us a little bit about your key areas of focus at Morton and how that translates with your people in particular.

**Stacey McKinnon:** Yes, in my role as COO, my main responsibility is over the client experience and the employee experience and how those two things have to work together to create the best output or result for the people that we serve. But in terms of Morton Capital and just who we are as an organization, we really have three different pillars of our organization, our purposes. The first one is to help our clients get the most life out of their wealth. And we really believe that life should come before wealth and the focus should be on that, similar to what J.D. was sharing earlier. The second one is that we believe investing starts with investing in yourself. We have a huge focus on education, both for the team members that work in our organization and for our clients. And then the last one is we believe that there's untold truths of investing, meaning that investing doesn't just have to be traditional, it can also be alternative. So we kind of think of ourselves as a farm to table restaurant versus the traditional steakhouse. And we design our menu. We go out to market, we see what's in season, and that's what we give to our clients. The end result of these three pillars are purpose statements that we want to empower families to enjoy their lives, and that is both our firm families and the people that work for us.

**Catherine Williams:** And I think as we focus on our time today and as I mentioned, really zeroing in on the DNA of your organization and how that informs who you hire, once you've brought them into the organization, what that development looks like. And even as we were talking the other day, what has 2020 meant for some of that? For sure. I'd love to understand from you Stacey with Morton Capital, was that the case from day one or has it been an evolutionary process? Can you tell us a little bit about that?

**Stacey McKinnon:** Yeah, our firm's actually changed a lot over the years, so we were founded in the 80s and really on the basis of kind of our investment philosophy, and that was what was most important to us. But as our firm has evolved, when I joined in 2014 to today, we've really kind of taken it from an investment only shop to more of that full service for our clients. But then internally we realized in order to do that, we had to make a lot of changes. So going from kind of a firm that was all about the investments and specifically kind of how the clients work with us to a firm that kind of redirected our attention to the employees and the team experience. I went to a Pershing conference and saw Mark Tibergien speak and he put this picture up on the screen where two people were holding a tight rope and they said, what's more important, the employee or the client? And at the conference, I think I was shocked by it and taken back and said, oh, no, where is he going with this? But where he went with it is, he actually made the statement that, of course, the client's best interest comes first. But at the end of the day, if your employee experience isn't on point, is the client going to get the best experience. And so I would say that the biggest area of growth for us as an organization is really adapting that employee first mentality and how we lead our organization. And the result of that has been such an amazing client experience. So that's probably the way that we've evolved over the years the most.

**Catherine Williams:** J.D. for Abacus, and as you look at over the history of the firm, has this been an evolutionary or really was it something that from day one you had a vision for how the organization was going to evolve, particularly around its people?

**J.D. Bruce:** I think we've gone through a tremendous amount of evolution, but I think we've held very, very tight to our original vision and goal in terms of where we wanted to go. We've always wanted to be a very values-based organization. We've always wanted to be a very team-based organization. We always wanted to be a place where people felt like they were already at home. I'm not a big proponent of work life balance because inherent in work life balance is that life is somehow better than work. And I want to create a work situation for our entire team that feels like part of their life, that it's as good as the rest of their life, that they not so that they work more, but so they enjoy the work when they are working and that they have the flexibility to work at the best times for them and the best place for them and make it something that's very much a place that is home. And we try and do that for our clients as well. We want our clients to feel like they're part of the family. My best clients are ones who I know just intimately. And they, you know, they send me presents or they invite me to Thanksgiving, and I do the same for them, and we become all part of the same family.

**Catherine Williams:** So what does 2020 look like for you all then, relative to is already having this very much part of the DNA of the organization as you've pivoted and had to potentially adjust or not adjust even for 2020, what's been the impact on the culture and the mindset in the organization? And I'll put the question to J.D. and then Stacey.

**J.D. Bruce:** Ok, perfect. So we were already really set up to work remotely and separately, we have six offices already. A lot of people already worked at home many days a week. And some people just work remote inherently because they're not living near an office. So logistically, everything. When we went into lockdown and we closed all of our offices and they remain closed for the most part, it was pretty easy, at least logistically. I think emotionally it's very hard for people. I think some of our staff had a much harder time. Those with little kids, those who have roommates or in whatever way aren't set up. So some of us

have had a really easy time. And some of us, it's been a little harder. I would say that overall, a lot of us have grown much closer, certainly with people who are in other offices, because now we're working with people on really a level playing field that someone in Philadelphia or someone in San Francisco and someone in L.A. are effectively in the same place as everyone else. Whereas before, if I worked at a Santa Monica, I'm going to have my closest relationships there. And that's opened up a lot of relationships and a lot of interesting new innovations and teams that really like working with each other, even though they're not in the same place. So while it's very traumatic what we're dealing with, it definitely opened up some doors that probably wouldn't have gotten opened up if we hadn't been forced into this.

**Stacey McKinnon:** For us, the biggest challenge of 2020 has actually been the test on culture. I think it's really easy for anyone to default to all of our people, being together equals we have a really great culture. And then once that's stripped away, I think that it really shows the true stripes of how an organization is built and how they're able to kind of continue rowing in the boat together. And so I would say that for 2020, logistically similar to J.D., it is very simple to go to a remote work environment. But I think that emotionally and mentally it was challenging for people because they didn't really have that energy source that they get from other people walking down the hallways, smiling, laughing, having collaborative conversations. Now, it kind of had the hey, can I do a zoom call right now? I'm not sure if my coworker is watching their kids and all of a sudden you lost some of the ease of connectivity. And so I would say that this year we've had to really focus and be more intentional on how we build relationships. I think of it similar to like friends that you had in college or maybe your parents or relatives. I mean, you have to intentionally call them.

**Stacey McKinnon:** You have to intentionally know what's happening in their life. And you have to care a lot about both their work and their personal lives. And so this year, I think, has been a lot of us figuring out how we can be more intentional throughout our organization. And then the second component of it that we really changed is trying to go to more of a peer accountability model versus a boss accountability model. I think that it's challenging for anyone in the leadership role to be kind of the boss behind the screen, really easy for intentions to be misunderstood and miscommunications to happen. So we've been really trying to push our team members to be more collaborative with each other and be more accountable to one another, sharing their goals with one another, helping them to make sure they stay on track. And even our advisory teams—we actually broke them down into three person teams and they meet weekly to just talk about where they are and how they're going forward. So it's been challenging, but I think that we've actually come up with some really nice solutions. And all in all, we're really happy with how our team members have kept up the culture, even though they're not together anymore.

**Catherine Williams:** Tell us a little bit more about how you've really deepened that engagement with your people, when as J.D. was saying you're not you're not across the hall from each other. So you really have to get much more purposeful about that. I know both of you, both of your organizations leverage those diamond teams. And so when it comes to the sort of the day to day construct of engaging with clients and really making that work, but when it comes to just engaging with your people, the word morale is often used. Right. We were talking about that a lot with advisors these days because certainly we're not on the other side of this. And so the long term focus of how you continue to keep employee morale high, can you share some examples of how you've navigated that at Morton? And then J.D. would love to hear how Abacus is thinking about that as well.

**Stacey McKinnon:** Well, just as a starting point, I think there's two different versions of the answers to this question. I am a big follower of Simon Sinek. And he defines culture as the way that leadership treats its people. So I think that one area where we've had to keep morale high is just in being very thoughtful and intentional about how we treat our people. So about a month ago, we gave everyone in the organization the day off and said, hey, paid day off, you go enjoy time with your family. Earlier this summer, we gave

everyone iTunes gift cards and said, enjoy a movie with your family this summer. I think that as leaders of the organization, we've had to be a lot more thoughtful to our people and what they're actually experiencing outside of working hours and making sure that they know that we care just as much about their lives outside of work as they do in work. And I think J.D. put it well earlier that work life balance isn't necessarily the right phrase for any organization to try to achieve, because I think when you say that automatically, you put work and life at odds with one another. And so we want to very intentionally make sure that our people know that we value their lives just as much as we value the work that they output for us.

**Stacey McKinnon:** And then I think internally in the organization, both the kind of the peer accountability groups that I mentioned earlier, but also just being a lot more intentional on being a little bit more goal based in our leadership style versus presence based. I think it's really easy for leaders to be presence based in their management style because you see people in there working and so you're happy with their work. Now, I think we've really put a lot more energy and effort into career development, being clear with our expectations. How do you do goal setting, making sure people have a lot of inspiration and hope in how they move forward in the organization, how they better the lives for themselves and for the purpose that we serve. So I think those are the areas where we've really focused on to increase morale, because if somebody is happy and excited about their career developing and they know they're supported on a personal level by their leader, I think that's really where positive morale comes from.

**Catherine Williams:** And I would offer at the end of the day, it's good business because we know you can see the results from our 2020 study this year that in terms of even just losing clients, whereas death was the number one answer in prior years, the loss of an advisor actually came out as one of the top reasons for firms losing clients. So just in terms of what's good business or not good business, really paying attention to career development, making sure that that all members of the organization can see themselves long term, being a part of the team and what that can look like for them. So that absolutely makes sense for sure.

J.D., what are you thinking about the most when it comes to your people and not just even taking the 2020 environment off the table, but you know what's top of mind for you in terms of developing, retaining, even attracting new talent to your organization? How are you thinking about that?

**J.D. Bruce:** Well, in times of crisis and in times of non-crisis, we do the same thing we always do, which is fall back on our core values and our purpose. So as we look at this year, not just about how do we deal with the crisis, but how we deal with the growth of our firm and how much we focus on innovation versus taking care of our core, how much we focus on our current people versus recruiting. We look back at what we're here for and what Abacas is here for is to expand what's possible with money, which means we need to be consistently innovating. It means we need to find new ways of doing things. It means we need to work with clients who've never been a target for advisors before. You want to help people who otherwise haven't been able to be financially successful. And for us to do that, we focus on those core values. Right now, we're spending a lot of time focusing on enjoy because everyone is obviously having a very hard time out in the world. So whether that's holding tee times or happy hours across Zoom or sending people little presents or forcing them to take a week off when they seem stressed out. That's where we're that's where we're focused. When we think about the future, and we put all our hiring on hold at the beginning of the of this lockdown, and we're now opening it up. And I think we have six people that we're currently starting to post for and thinking about how you onboard people remotely is challenging. And in order to do it right, we just sit down and say, OK, how can we do this in a different kind of logistics with the same cultural experience and the same focus on our values. And if we do that, we kind of can't go wrong.

**Catherine Williams:** What are some of the ways that you are for the new hires, the new onboarding, what are some of the ways that you are translating your culture and making that happen in what would have traditionally been more in person in the office sort of experience?

**J.D. Bruce:** Well, we haven't onboarded one yet, so I'm going to have to let you know in terms of how it's going to go, but I think what we've learned over the last six months is a lot about how you can work remotely and maintain relationships. And we've practiced that inside of our diamond teams. We've practiced that inside of our executive teams and our operational teams. And all of these people have experimented and have learned how you work with someone remotely. We have a couple of people who are fully remote. At least three of our employees never come into the office, and they've been getting a lot of attention and a lot of questions and asking them, the people who become expert at this, because it's their life, how they want it to work and how everything would have been great for them. And we're going to try and take those lessons where we've worked with people remotely into onboarding remotely. And I have high hopes and a lot of confidence that we'll be just fine.

**Catherine Williams:** Stacey, I know you've onboarded a couple of people, I believe, if I recall correctly.

**Stacey McKinnon:** Yeah, we've onboarded about five people in the last six months.

**Catherine Williams:** We know we have advisors that came into this year with an idea of the head count they wanted to add. They've got to move forward with getting the kind of talent they need in the organization. The onboarding piece is a little intimidating if they've not done it. Any perspective from your experience at Morton for that?

**Stacey McKinnon:** Well, I don't always like to approach problem solving this way, but in this case, I think the question is what's the worst that could happen, onboarding someone remote and then solving for those worst-case scenarios. So you onboard someone remote and they don't work the hours that you want them to work. Well, then you've got to set specific goals and have them achieve things in specific times and be more comfortable as a leader with that goal-based management versus presence-based management and be more intentional and asking them questions about what they're able to accomplish and get done. Or the other challenge is, hey, how are they going to fit into the culture if they're remote? So you set up an onboarding program where they have 30 minute coffee date, virtual coffee dates with everybody in the organization and they really get to know one another on a personal level. I think that connecting with one another, communicating well with one another, collaborating with one another will really solve for some of those challenges that exist. So I would just encourage anybody that's considering hiring remote to really actually write down what your fears are about it and then solve for those fears using communication, connection, or collaboration.

**Catherine Williams:** What do you think about 2020 that has maybe permanently changed the landscape and how firms attract, hire, and retain people going forward? I'll start with J.D. on that. As you think about this year, looking forward, what do you think will remain, so to speak, or be a game changer?

**J.D. Bruce:** What I hope actually remains is exactly what Stacey just said, which is the death of presence-based management, because presence-based management is like a shortcut and a cheat, it's easy to make sure someone's going to do something if you just watch them. But that's not real management. That doesn't take skill. That just takes presence. And so the people who haven't already learned those skills of how to manage people without needing to watch them all the time don't have to do anything differently. And this just took the ability to take that shortcut away. And so there are some people in some firms that are just going to have to learn how to do it, as I would say it the right way and as other people would say, a better way. Once that happens, then I think the idea of remote work becomes simple, because if you're not

having to watch someone, it doesn't matter where they are. And I think that allows us to really expand who we can hire and allows us to tap talent pools that were inaccessible to us in the past.

**J.D. Bruce:** If I can hire anyone anywhere, I'm going to find better people than people who need them to live in Santa Monica. My number of people I can hire are almost so large that I'm going to be overwhelmed by the number of people as opposed to worried that I can't find the right one. And I think that changes a lot of things for a lot of people. It allows people to live where they need to live in order to have good work life integration and feel like they are living their best life because they can live anywhere. They can go live where their mom needs them to live, who might who might need help and caretaking. They can go have their family lives next to their best friend or their sibling or their cousin or someone who they can raise kids with, but otherwise would have to live far away from because of work. That's going to fundamentally change the way families and individuals live in this country. If they could work at any company anywhere, no matter where they live, fundamentally game changing.

**Catherine Williams:** Stacey, do you think that firms that want to, as J.D. was saying, or want to go back more toward that bricks and mortar, everyone in the office sort of approach, and there's certainly a divided camp in our industry on that for sure. Does that potentially put them at a disadvantage when it comes to attracting talent long term to their business, or do you think we'll figure out how to balance it?

**Stacey McKinnon:** I think that will be really challenging for firms. It's kind of unfortunately, to put it this way. I think you're standing still instead of moving forward if you do that and maybe even going backwards. So I had an opportunity with Matt Sonnen in June this year to publish a research paper on the new RIA workplace where I explored traditional office versus work from home and proposed a hybrid working environment. And then as a follow up on Michael Kitsis blog this week, I actually published another article that was more of a how to execute in the hybrid work environment. And I'm a big fan of the hybrid work environment. I actually believe it's not going to go one way or the other. I think that the biggest change we're going to make is we're going to individualize the employee experience instead of it being like, you need to come here and be in our office or to J.D.'s point, you need to be present to manage. I think it's going to be like, let us meet you where you're at. Let us look at your skill set, how you bring your best self to an organization. And if that looks like remote, it looks like remote. If it looks like in the office, it's in the office. If it's two to three days a week, then that's awesome, too. And so I think organizations are really going to have to individualize the employee experience much more than they ever have before.

**Stacey McKinnon:** I love the comments J.D. made earlier about values and everything being centered around that. One of the others is if somebody is not comfortable with values because they feel like it's too soft. Think about how values can actually turn into a measurable. So we have our values, which are our five Es: excellence, empowerment, empathy, ethical, and enjoyment. Now, everything we do, we can measure against them. If I'm interviewing someone, hey, do they hit all five of these targets or do they have potential to hit them? In my career path workbooks, we actually list out for every position in the organization, how they best can be a reflection of those core values. So I think in just talking through values of an organization, it's more than just words on a wall. It has to be actually integrated into the culture. And in many ways it can be used as a measurement tool for your people and for your leadership.

**J.D. Bruce:** Yeah, I mean, it's interesting you said that, you know, people think that thinking about values is soft. When you really think about it, the only thing that will harden you is when your values are being broken. That's the one thing that you will never compromise your values, because if you compromise your values, it wasn't really a value, then you just misunderstood your values because you don't compromise your values. And the more you state them, the stronger they become. And if you are not stating your values or you aren't using those values to better your organization, then I think your most core strength is being ignored. And the way to future success is to figure out what those values are and then lean on because it is

the one thing you have is the most and the strongest and the least able to change. So if you don't focus on just making those better, then you're missing something fundamentally about your organization.

**Stacey McKinnon:** I think that sometimes values get misstated as something that you are versus something that you aspire to be, and that idea of values being an aspirational aspect of your life, it causes you to be on the pursuit to be better all the time. And so I would just say that potentially values could change. But some part of that makes me feel like I have achieved something. And I think that the pursuit is actually a little bit more important sometimes in thinking about how your values are reflected.

**J.D. Bruce:** It's a really important distinction.

**Catherine Williams:** It is. How do you, for lack of a better phrase, how do you flesh that out with a candidate, with a potential hire? It can feel like they've got a great set of values. Someone shows up really well and then when they come into the organization, not so much. I'm just curious how you've addressed that.

**J.D. Bruce:** So much of this is about instinct and gut when you're talking about values, the easiest way is to interrogate them on what they think about our values, talk to them about your values. People who are excited about our values are more likely to have them or at least aspire to them. Fundamentally, I think you highlighted a problem that sometimes you think you've got it right and people come in and then they don't have those core values that you think they do or they thought they wanted to have them, but they don't really. And so they don't go and do those things. When I say we hire and fire based on our core values, that's how you handle it. At the end of the day, you're going to get it wrong. And focusing on a low turnover rate sometimes is the enemy of core values that you want to make sure you do your best to pick people who are going to match your core values. And when you're looking at people's performance, focusing on values over productivity and values over skill, because we can teach people to be more productive and we can teach people skills. But it's hard to teach people values. That's an internal thing. And if they haven't bought into all our values and they may not have the values, we're not looking for people who already share our core values.

**J.D. Bruce:** We're looking for people who will adopt our core values as the underlying driver of their behavior while they're at Abacas. Everyone has different values. We have lots of people with lots of different values and organization. My wife and I have different values about lots of things, and yet we're able to come together as a couple and as a family and say, I have values and you have values, but what are our family values? And everyone in a marriage experiences that no one's marrying someone who is exactly the same. And if we can take that same idea of two people with different values, creating core values for our family, then the idea of doing that at a company is exactly the same.

**Catherine Williams:** It's an excellent point, and particularly as organizations are thinking more around diversity, inclusion, how might that look like for the talent that they continue to hire, being aware of the fact that our value system does come together by nature of different sets of values. How do we bring that all together? And as you said, for Abacas, how you operate within the Abacas structure along that value system, you still do want that diversity. You don't necessarily want a single Kool-Aid flavor, so to speak, at least to get you under way. I heard a quote a number of years ago that has really stuck with me. The longest period of time in business is when you know, you have the wrong person and you do something about it. And I think you made a really good point J.D. in terms of being willing to, as both of you are, continually assess and apply, reinforce the values of the organization. And if that changes for someone or if it's no longer a fit with where they're at in their life, then that may be a business decision that has to be made. And sometimes I think organizations are wary of that or not willing to make those decisions. They can be tough, but I think important. So adhering to that as you said, both the hiring and the firing.

**Stacey McKinnon:** I think what's really challenging on the firing side is that it's easy for you to think that you're doing something against someone else, but when you're firing someone that doesn't align with your core values, you're actually doing something for your people, for your organization, for those that are going to show up and come to work and be a part of those core values. So if anyone is ever struggling with a firing decision, focus on your people and what the end result is going to be for them. And I think then you'll make the best decision possible.

**J.D. Bruce:** And it's not that you're not just serving the people who are staying, you're serving the person who's going as well. If they're in a place that they aren't enjoying themselves and aren't in a place where they fit the value structure, their life is not fun. They're not enjoying themselves. This is not a good experience for them either. And by having the fortitude to make that call and to make it be something that's better for everyone, you're really being of service to yourself, your firm, and the person who is unfortunately getting fired, which obviously isn't fun, but ultimately is the best solution for everyone.

**Catherine Williams:** So we've talked about values, we've talked about firm culture, we've even talked a little bit around employee morale, as we think about for both of you in your organizations and looking forward as we head into 2021, what's particularly top of mind for you when it comes to your people and some of the areas that you're focusing on? I'm thinking about the fact that we have advisors listening today that are feeling like, wow, I've really got to make sure I've got my arms around my people and that they are absolutely on board, not looking to leave in any way. And so what can they do? What should they be thinking about? I'd be curious to know what's top of mind for the two of you in that area.

**Stacey McKinnon:** I think what's top of mind for me is really trying to figure out how we're going to be executing our goals-based leadership approach. So in the last three months, we've brought our leadership team from three people to five. We're doing more leadership training. We're helping people practice goal-setting techniques. I actually think it's incredibly harder than it sounds to go to a goals-based management approach because you have to be even more prepared. It's kind of like any athlete will tell you that when they actually did, the race wasn't where the work came in. The work came in in preparing for the race. And I think that's what leadership and management is going to have to do. They're going to have to spend so much more time in preparation and really thinking through their goals and what they want to do, innovating for the future and then communicating those goals regularly, checking in, making sure expectations are met. So in preparing for 2021, I think we're even just thinking about how we think about leadership in the organization, how do we expand our leadership team. And one of the things that I think that we had an area of improvement in is that when we bring on leaders in our organization, do they have the power that comes along with that? And so really working through transferring that power to our people and our managers so that they have more autonomy in how they lead people and how that leadership matches to the strategy and goals and vision of the organization.

**J.D. Bruce:** Abacas got really lucky this year, actually, we had set as a goal for this year to focus almost entirely on the consistency of our employee and client experience. We were doing really good work for people, but we were doing work in a bunch of different ways. And we grew to the point where that became a little bit petrifying. And by petrifying I mean it just forced us to stay still, and we couldn't grow because everyone was doing everything differently. So we couldn't make improvements. Everyone had to make individual improvements instead of organizational improvements. So we spent an entire year as our plan to focus on a consistent experience. Well, lo and behold, we all suddenly can't work in the office together and are all having to work in a new way. And it has created an environment where typically it's hard to get people to change their behavior and now they're a little bit hungry for it and hungry for new tools and new ways of working. And so all of our time has been spent finding the people in the organization who can make innovations at the grassroots level and supporting those innovations so that those people feel like their contributions are valuable and then rolling those contributions out to the entire staff as



appropriate and diversifying our innovation as opposed to it all coming from the top. And that was a big shift for us. Our innovation has historically been very top led. Our leadership is very change focused and we really like change, at least most of us. And the people at the bottom took what we gave them. They ran with it and we shifted that script this year at just the right time, which actually made it very easy for us to do some of these innovations because people had a little bit more time in their day because they weren't commuting and because they didn't have water cooler conversations.

**J.D. Bruce:** Everyone's a lot more efficient at home, at least for us, than they are in the office. And that's created the opportunity for a lot of leadership training on the job. Right. So we have a lot of people who are running projects and some of them have really, really been shiny in a way that we weren't expecting. And other ones that we expected would be the best at this have been slow because they were dealing with other things. But for us, developing that leadership is about giving people the opportunity to lead and giving them the actual autonomy and authority to make changes on their own without having to ask for permission. Because ultimately, if you want to develop a leader, you have to just let them lead and you have to let them make mistakes because leadership is hard and you're going to make the wrong call a good percentage of the time, even once you're skilled and at the best of times. And so getting people to have the fortitude and the courage to make those choices, even though they know it might be wrong, is really difficult. It's difficult for us as the people who are letting them do it. It's difficult for the people who are doing it. And so finding a way to do that where you're gentle and it's safe to make mistakes is really hard for a lot of organizations. And it's one that we constantly struggle with. But ultimately, freedom to make mistakes is the best thing I think you can do to create future leaders.

**Catherine Williams:** It's great advice, how are you rewarding the leadership that you're seeing, the initiative for those employees, how are they rewarded for that?

**J.D. Bruce:** There's a level to which you don't actually have to if you give someone autonomy and authority over their own life and give them a lot of freedom to implement the ideas that they have and have recognition for those ideas where they know and are recognized publicly for what they've done. It's not about a reward, that is rewarding. We want to reward our people for their successes for sure. But that's not remotely the most important thing or even close to it, if you just give them the experience of success. It's cheesy to say success is its own reward because it's not even the success, it's the trust. If you can give someone that level of trust that they know that even if they make a mistake that they're still good, then the rewards are irrelevant. So it's not saying you shouldn't reward them for that. You should. But it's not what motivates them.

**Catherine Williams:** You're absolutely right, and at its core, that behavior creates all the new habits, the enhanced habits that you're looking for in the organization, and so then people are even more motivated and just almost do it. I don't want to say without thinking, but it's absolutely become so much more entrenched in what they're doing minute to minute. I love it. Stacey, how about you on as you think about that and you think about the leadership driving that level of autonomy within the organization, developing those leaders. How are you thinking about that at Morton?

**Stacey McKinnon:** I love what J.D. said, first of all. I read a book, the 15 Commitments of Conscious Leadership, and I think I'm quoting this right, but don't hold me to it. I think there's five different general motivators for people. They're motivated by the financial aspect. Some people are motivated by fear. Others are intrinsically motivated. Others are motivated by how their impact is on other people. And then some people are motivated by love. So you take those kind of five different areas of motivation and you think about your people and who they are. And are you hitting all of those as an organization? I think our best leaders actually have more of that. They're more motivated intrinsically and by helping others than any really of the other ones and actually love to. So I think that the old method of rewarding people, the carrot

or the stick, is really antiquated and should be avoided as much as possible. I think you really have to focus on developing leaders who are going to be motivated and excited to push the organization forward to better the lives of our people, to better the lives of our clients without needing someone there to reward them every step along the way.

**Catherine Williams:** You know, I think so much of what we're talking about here is really foundational for so many firms and as we have advisors that are potentially listening to the podcast that might be looking at their own organization and realizing, wow, we really need to implement some changes here, whether it's to attract and keep the people we have, inform the decisions we make around the business and our clients. So just wanted to make sure and ask if there's anything else that I've not asked about that comes to mind when you think about that.

**Stacey McKinnon:** I would just encourage everyone to also just be patient with yourself. This has been a big year. A lot has happened, I think, in our organization the realization that health, finances, social justice, corporate responsibility, all of these things that have happened this year, they're big. And I think recognizing how big it is, the transition to work from home, the transition of your people, the fears they might have, you might not even know about, I think, as the starting point. Just find out what's most important to your people. Better understand and take time to ask questions and really understand the individual perspective before you demand any more of them. Make sure that you know what they want and what they're most passionate about and start with that. I think that's where you'll get the most success long term. It is really by having that listening ear and focusing on your people.

**Catherine Williams:** We will end on that note. And I really appreciate both of you taking the time to participate today. I think we all absolutely agree that this is fundamental to just good business. But it can be a difficult subject for firms to tackle. And 2020 is certainly presented some challenges as well. So I just want to thank you both J.D. and Stacey for joining us today.

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