CNYBJ
CENTRAL NEW YORK BUSINESS JOURNAL
CNYBJ.COM
AUGUST 21, 2017

S.E.E.D. Planning Group sprouts clients

BY NORMAN POLTENSON
npoltenson@cnybj.com

Don't judge each day by the harvest you reap, but by the seeds that you plant.
— Robert Louis Stevenson


NORMAN POLTENSON/BUSINESS JOURNAL NEWS NETWORK

Travis Maus, the managing member and chief compliance officer of S.E.E.D. Planning Group headquartered in Binghamton, prominently displays a $10 bill that reminds him of a six-month period in 2008 as a commissioned rep when he received no income. The $10 was gas money to ensure he got home. The firm has grown rapidly since its founding in 2015, which is the reason for his smile.

BINGHAMTON — Travis Maus (pronounced MOSS), the managing member and chief compliance officer of S.E.E.D. Planning Group, LLC, has a picture of Alexander Hamilton prominently displayed in front of his desk. The purpose is not to remind him that Hamilton was one of the nation's Founding Fathers, a promoter of the U.S Constitution, and the founder of America's financial system. Rather, the picture is on a $10 bill Moss carried with him for six months during the recession of 2008 in case he needed gas money to get home. At the time, Maus was a commissioned representative with AXA Advisors and not only received no income during a six-month "dry spell" but also was "underwater" owing AXA money."

The seeds for starting his own business were planted early on in his career in financial services as an account executive with HSBC Finance (then HFC/Beneficial) and later as a branch manager in Hazelton, Pennsylvania. Maus joined AXA Advisors in 2007 and was promoted to a VP in 2012.

"The fracking revolution created an oil boom in Pennsylvania," says Maus. "Suddenly, farmers were millionaires because of oil leases they signed. Most had no experience in how to handle their new-found assets or in how to create a financial plan. What was obvious to me was the need for a fee-based service that offered advice not dependent on the sale of any product. AXA showed no interest in the concept."

Planting the Seed

In 2009, Maus created a d/b/a called S.E.E.D. Financial Strategies designed to sell insurance products. The mnemonic — S.E.E.D. — reflected the values of the new business: Stimulating environment, Ethical standards, Exceptional in meeting and exceeding high standards, and Duty as a fiduciary. In 2013, Maus and two other business owners converted S.E.E.D. Financial Strategies into an LLC and simultaneously set up S.E.E.D. Planning Group, LLC. Leveraging his interests, experience, and passion, Maus registered the planning group in 2015 with the U.S. Securities and Exchange Commission (SEC) as a registered investment advisor (RIA) and registered S.E.E.D. Financial Strategies with New York State as an insurance agency.

"In just two years, our assets under advisement have grown exponentially and should reach $173 million by year-end," notes Maus." Our discretionary assets under management (AUM) should total $94 million by then. The growth trend is obviously positive: In 2016 our annual AUM growth was up 43 percent over 2015, and this year we're trending up 90 percent over last year. While the industry likes to measure success by AUM growth, I prefer to count the growth of our [client] households and our rate of retention. At the beginning of this year, our client base included 330 households, and I'm projecting adding another 130 by year-end. That to me is real growth. Another positive sign is our geographical reach. While our core business is conducted within 50 miles of Binghamton, we now have clients in 16 states scattered from Vermont to California."

As an insurance agency, S.E.E.D. Financial Strategies sells products such as term-, disability-, and long-term-care policies.

"Our insurance revenue from commissions is barely 1.5 percent of the gross revenue of the two corporations," explains Maus. "The focus is clearly on the planning group whose planning revenues are fee-based only. We provide objective and transparent financial consultation and coaching. For individuals, the major areas include retirement, estate planning, elder care, college education, and investment. For small-business owners, the major areas include employee-benefits design, succession planning, and executive compensation."

S.E.E.D. employs 10 people in its 6,500-square-foot Binghamton office on Lewis Street and retains an advisor in the Florida office. Corporate ownership is split among four members, all of whom are active in the business: Maus; Ryan Berkeley; Fred Constantino, Jr.; and Amy Michaels. *The Business Journal* estimates that the firm's consolidated revenues in 2017 will total $1.2 million.

The industry contrarian

Maus's approach to building clients through financial planning rather than focusing on amassing assets makes him an industry contrarian. "Financial planning is the preferred introduction to our clients," avers Maus. "It drives the business. Unlike management advisors who are looking for a minimum in net assets to invest, the Planning Group doesn't require a minimum. We engage some clients long before they have liquidity, because we want to build the trust required to be effective, financial planners and asset managers. All of our advisors are on salary with no bonus arrangement for collecting assets, and we sell no products. There is no conflict of interest: The only focus of our advisors is on the best interest of the client. The company's revenue-per-household is currently lower than the industry average, but that will change over time. There is often a lag period between our financial planning for a client and … [his/her] decision to have us manage personal assets. The steady growth of our AUM is proof that our approach of building trust works. Further proof is that almost all of our clients put us on retainer and prefer to pay upfront."

S.E.E.D. Planning Group is not approaching its market demographics as one size fits all. "We're launching a number of divisions this year geared to different segments of the market," states Maus. "For those with assets in excess of $1 million, we now have 'S.E.E.D. Wealth Management' to focus on high-income individuals and their concern for capital appreciation through an individual, customized program.

He continues, "In addition to the financial-planning and investment advice we offer our wealth-management clients as an RIA, we coordinate those activities with accounting and tax services, retirement-planning, and estate-planning for a set fee. Our understanding of wealth management is that it encompasses all parts of a person's financial life. 'S.E.E.D.s of Hope' is focused on those not-for-profit corporations that want to increase their revenues and endowments, but are too small to have an advisor on staff to help with issues such as investment stewardship and legacy gifting. And SPROUT is designed for Millennials who are tech savvy, new to financial planning, and may have recently come into an inheritance. These divisions are growing so quickly my guess is we will spin each one off into an LLC by year-end … While we cater to a wide variety of clients, our sweet spot is serving clients with $1 million to $5 million in [net] assets."

Navigating the industry turmoil

These are turbulent times for financial advisors grappling with a number of industry changes.

"The advent of the Internet and social media has fundamentally changed the relationship between client and advisor," opines Maus. "Not too long ago, financial advisors/brokers controlled investing information and trades. Today, clients have access to vast quantities of information and are aware of multiple options that are available. This empowering of the client creates a different, more collaborative relationship with the need for transparency of the process and fees, personal support, and real-time decision-making. The clients want to feel in control of the process. Another change is the client's demand that the scope of advice be broadened. Not long ago, financial advisors concentrated strictly on investment and asset management. Today, clients want their advisors to help them with liabilities, tax and estate planning, insurance needs, health-care decisions, assistance with budgeting and spending, and income generation. This requires a much higher level of expertise and creativity on the part of financial advisors and a focus away from a transactional relationship to a goals-based approach over the long term."

Maus then turns to the impact of technology on the industry. "The introduction and performance of ETFs (exchange traded funds) have had a profound impact," continues the S.E.E.D. managing member. "For those clients who don't want to think about investing, are disenchanted with high fees, and seek solid returns with low risk, ETFs are a very attractive alternative. Many who are comfortable with technology are also embracing the concept of robo-advisors where an automated, digital platform based on algorithms is replacing the RIA. Financial advisors are now creating hybrids where they marry the robo-concept to a help-desk which offers personal advice. Technology has also put the client in a position to control his/her total portfolio by creating a digital dashboard of all assets. We use Fidelity's e-Money wealth-planning software which aggregates all of the client's assets in real time. Anytime our clients want to review their financial status, they simply log in and get a comprehensive visual display of their current positions and correlated risk."

At the top of the list of items roiling the industry is the new "Fiduciary Rule" issued by the U.S. Department of Labor (DOL).

"Commissions paid to financial advisors and the conflicts of interest created are the most polarizing issues today in investing," stresses Maus. "Until the DOL issued the first part of its rule this spring, there were two industry standards. The 'Suitability Standard' simply required that investments must fit a client's investing objectives, time-horizon, and experience. [Furthermore] … an advisor working under this standard doesn't have to disclose any conflicts of interest or act in best-faith to minimize any conflicts. The new 'Fiduciary Standard' states simply that advisors and financial planners must put the clients' best interest ahead of their own. We won't know the full extent of the new fiduciary standard until the rules are finalized in January, but the move to a higher industry standard is apparent. S.E.E.D. Planning Group adopted the fiduciary standard long before it became mandatory, because we think it benefits our clients."

Competing

What sets S.E.E.D. Planning Group apart from the competition? "Our emphasis on establishing a trusted relationship with clients based on planning rather than just accumulating AUM certainly sets us apart from the competition," asserts Maus. "We're also proactive in reaching out to our clients rather than passively waiting for them to contact us. Education is a big part of our business and so is offering options by introducing 'what-if' scenarios. The Internet and social media have leveled the playing field so we can compete with the big companies as well as the local, financial-advisor businesses. And when it comes to promoting the firm, we don't rely on media. Our strategy is to encourage advocacy referrals and word-of-mouth to develop new business.

"S.E.E.D. has tied its success to the development of the local community. When we see Binghamton, we see opportunity. That's why you will find our employees on a number of local not-for-profit boards [of directors] to help ensure economic and social growth through community-building. As further evidence of our commitment to the community, S.E.E.D. Planning Group recently created a full-time position — director of community engagement — to strengthen the bonds between the firm and the community and to foster synergistic relationships with local leaders and professionals.

"But most importantly, our people make the difference," continues Maus. "The firm has assembled a talented group of employees, including a number of young professionals, who believe in our mission. They are focused solely on our clients' best interests and know how to listen. We never just assign an advisor to a client; we spend time pairing them to assure building long-term, positive relationships. S.E.E.D. offers equity opportunities for all key personnel as one way to attract and retain career employees. In a sense, we are planting people, which yields a rich harvest over time, not just for ourselves but also for all of our stakeholders. The fact that financial advisors are eager to join the firm because of our vision confirms that S.E.E.D. is on the right path." (An ancient Chinese Proverb says: If your vision is for a year, plant wheat; if your vision is for 10 years, plant trees; if your vision is for a lifetime, plant people.)

Maus is a native of the Southern Tier. He began his career in 2004 at HSBC and joined AXA Advisors in 2007. Maus and two partners left AXA in 2013 to launch S.E.E.D. Financial Strategies. In 2015, S.E.E.D. Planning Group, LLC was listed with the S.E.C. as an RIA and S.E.E.D. Financial Strategies, LLC was registered with New York State as an insurance agency. Maus, 36, is an accredited investment fiduciary and has completed an executive-education course as a retirement specialist at the Wharton School at the University of Pennsylvania. He lives with his wife and four dogs in Conklin.

Maus now looks at his office picture of Alexander Hamilton and smiles, because he no longer worries about having enough gas money to get home. He and his fellow corporate members have built a successful business in a very short time with a strategy and vision that makes S.E.E.D. Planning Group stand out. The key is to keep planting seeds for the long-term. The result: Maus should be looking at a lot of Alexander Hamiltons over the next decade as Generation X and Millennials enjoy an enormous inter-generational wealth transfer. By 2020, PricewaterhouseCoopers (PwC) anticipates that the younger generations will control more than half of all investable assets, a number approaching $30 trillion. PwC also estimates that more than 50 percent of the younger cohorts will choose not to keep their parents' financial advisors.

It looks like S.E.E.D. Planning Group will continue to sprout clients for a long time to come. ■