Practical Advice for Creating a Diverse Firm

Gerald Herbison
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The need for diversity in the financial services realm is ever present. To stay relevant, financial advisors must be able to tailor their services to mirror the ethnic and cultural changes in society. Remaining cognizant of such changes will continue to open up new business opportunities as the years roll on.

No one knows this better than Sal Farina, MSM, ChFC®, CLU®, an American College graduate who has been in the insurance business with New York Life for 25 years. He took over the Long Island, N.Y., agency in 2002 when it consisted of one office, three managers and 132 agents. Today, the same agency has five locations, 20 managers and 480 agents. Such enormous growth wouldn't have been possible without a solid understanding of the diversity landscape. Particularly because when he arrived at the agency, “it was not culturally diverse,” Farina said. So he set about changing the makeup and, therefore, the outlook of the Long Island office by keeping some basic tenets in mind.

BUILD TRUST
You’ve got to recognize cultural differences to embrace and take advantage of diversity in the market. On introducing agents with a different cultural background into the business, he said, “You need to be able to respect their culture, who they are, what they believe in and why they believe in different things.”

Language can also be a barrier, and patience is required. “People aren’t comfortable being the first at anything,” Farina explained. “People don’t like to feel isolated; they can feel uncomfortable. You also need to be respectful of people’s dietary needs.

Representatives from diverse backgrounds want to know that you understand all of these issues.”

Then you’ve got to be mindful of the potential for culture clash. “Sometimes, when you build your momentum in one ethnic group, you start adding services and support in that specific group,” he said. The danger there is that “it can be harder to get the second or third group because you are so committed to the first, and they compare. They ask, ‘How come the other group gets this support and we don’t?’”

IDENTIFY EMERGING MARKETS
Farina arrived in the Long Island office armed with the knowledge that New York Life focused internationally on the three fastest-growing emerging markets: Chinese, Indian and Hispanic. So he looked at the local landscape through this lens and found that there were agents who could serve the traditional, affluent markets but that the middle, more culturally diverse markets were being underserved. “The middle market is a large part of our community,” he said. “Rather than fight with 100 different companies for affluent business, we target the middle market. We also recruit people who have never been in the business before. They start out in the middle market, not the affluent market.”

CHOOSE FUTURE LEADERS
By the end of 2002 Farina had promoted all of his existing managers out to lead other offices. “This is our culture,” he explained. “We promote field leaders when they are ready; we don’t hold them back.”

That meant 2003 kicked off with the opportunity to build a new management team. Farina iden-
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tified a Hispanic and a Chinese agent that he believed were potential management candidates. He recalls having a candid conversation with the Chinese agent. He went to her and said, “Can you help me? I need someone who is willing to go into management and help me recruit more Chinese agents inside this community.”

His agent accepted the challenge and Farina opened a location inside the Chinese community with three people. “They saw it as a sign of pride that we were going inside the community and becoming a part of that community by participating in cultural events and programs,” he said.

**LEARN TO NOMINATE**

You must get involved in the community you are trying to reach and take the time to identify local candidates to grow your business. “Let people know that you are there to serve,” Farina said. And this must be a long-term goal. To make a lasting impression, you must become a fixture, a familiar face, and only through repeatedly talking to people will you learn who would be a valuable addition to the company. “Nominate takes months, not one day,” he said. “It took me three years to build relationships in the Chinese community through nominating and word of mouth. If you have a short-term plan, it is not going to work because people will forget you.”

With representatives in the community on a regular basis, you can take advantage of the opportunities when they present themselves. For example, one individual with whom Farina had fostered a relationship lost his job when his employer was downsized. Farina was able to remind him of the potential job with New York Life and the relationship truly became a win-win for both parties.

“Now we have 100 Chinese agents because we became a visible presence,” he said. “We spent hundreds of thousands of dollars on rent, advertising and community affairs. People saw us as part of the community, and we kept growing from it. Now, instead of having one Chinese manager, I have eight.”

Successfully building a culturally diverse financial services firm is about tolerance and understanding. It’s about active, ongoing communication. It’s about embracing differences and keeping your eyes open to the possibilities. “You build the relationships,” Farina said, “and then you get serendipity.”

**Retirement Key Competencies for Proper Retirement Income Planning**

Insurance choices. Those eligible for Medicare can choose between the original program and a managed care program. They also can choose from a number of Medicare Part D drug plan options. Most choose to supplement Medicare through a supplemental policy, a managed care plan or through an employer-provided retiree health-care plan. Clients also should plan for the possibility of needing extended long-term care at some point in their lives. This planning requires consideration of long-term care insurance and other ways of funding long-term care. Counseling clients also can include discussing risk-avoidance techniques to help avoid health problems from falls and other physical infirmities.

**WHAT IS THE BEST STRATEGY FOR TAX HARVESTING?**

An important part of retirement income planning involves tax planning. Today clients have accumulated assets in taxable (brokerage) accounts, tax deferred accounts (IRAs and qualified plans) and tax-exempt accounts (Roth IRAs). Choosing which account to withdraw first and which to defer depends on the client’s current tax situation as well as an expectation of tax rates in the future. There are some rules of thumb. For example, in most cases, withdrawing taxable accounts first, saving tax-deferred and tax-exempt accounts until later is most tax efficient. These choices are important because they have an impact on how long retirement assets will last.

As co-directors of the New York Life Center for Retirement Income at The American College, we want to thank all the participants of the Retirement Income Summit for their valuable time and expertise. As we hope you have found, this group took tremendous strides in helping to define the field of retirement income planning.

We hope meetings like this continue to inform this interesting and evolving field. As knowledge in this area grows, company training, The American College courses and the New York Life Center for Retirement Income can incorporate these valuable new insights into their programs—which will help us all better serve clients’ needs.