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Advisers' biggest mistakes: Too much delegating

After losing most of his workers, Rick Kahler came to terrifying realization – he didn't know how to run his office

By Lisa Shidler

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Rick Kahler never thought too much about his firm's technology systems or how the myriad procedures and processes that went into smoothly running its day-to-day operations. As the owner of Kahler Financial Group, which manages $100 million in assets, he delegated most everything — besides dealing directly with clients and their investments — to his support staff of six.

But in May 2006, he learned the folly of being too far removed from managing the business. It started when one worker left the firm because she was moving out of town. Then, over the course of the next two months, two more employees were injured separately outside of work and couldn't return to their jobs. Another two employees left the firm for better-paying jobs at nearby banks.

By July, Mr. Kahler found himself with just one other employee — and an office spiraling out of control.

“There were many tears shed,” said Mr. Kahler. “It was a very painful year and a half. The biggest thing I did wrong was, I got too far away from my systems. I had a staff of six, and I just flew in and flew out of meetings. I relied on staff to give me everything.”

Mr. Kahler recalls trying to convince one of those employees to stay by doubling her salary, but she responded that she wanted to leave because she was frustrated by the office's inefficiencies.

He says that was a major wake-up call. The former employee was right, he admitted.

So Mr. Kahler said he and his remaining employee, Darla Creal, operations and client services director, began working 12-hour weekdays, and on weekends, to learn all the ins and outs of his business. They started with the firm's basic software and technology systems, and then began crafting efficient ways to operate the business.

For instance, Mr. Kahler and Ms. Creal didn't know how to use Junxure, a popular customer relationship management software program. They also discovered that they were using only 2% of what the program offered. Mr. Kahler spent $2,000 on training for the two of them. The pair also had to learn the basics of their investment software program, such as creating, changing and running stock and fund reports.

All in all, getting up to speed on running his firm took Mr. Kahler 18 months. But now, he said, the office operates smoothly, and he can run it with a smaller staff. Along with Ms. Creal, he has added a part-time assistant planner and a part-time administrative assistant.

For his part, Mr. Kahler doesn't have to sit at a desk and enter data on a regular basis. He still travels a great deal, but he feels more confident that he knows how to run his office's systems. If he's traveling and wants to look at a client's records, he can do so on his own computer without asking for help from one of his employees.

“I realized I wasn't really managing the practice, and this forced me to do so,” he said. “I had to learn all of these programs. We had to reinvent the whole practice. It was incredibly painful. We were in a nose dive.”

Shop Talk is a regular column detailing how financial advisers run their businesses. The column focuses on unusual or innovative ways to attract more clients. Suggestions or tips for Shop Talk? E-mail Lisa Shidler at lshidler@investmentnews.com or visit the Shop Talk page at InvestmentNews/shoptalk.