

Ep #205: Leaving a Large RIA to Start a Small RIA with
Chris Grellas



NEW PLANNER PODCAST



Full Episode Transcript

With Your Host

Caleb Brown

[*New Planner Podcast*](#) with Caleb Brown

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Welcome to the *New Planner Podcast*, where it's all about helping you successfully enter the financial planning profession and accelerate your financial planning career.

This podcast will help you understand the profession, become familiar with the various career paths available to you, and avoid the mistakes that limit your success.

Join your host, Caleb Brown, to explore the human side of creating a successful planning career through interviews, personal experience, and insights from the trenches.

Let's get started.

Caleb Brown: Welcome to the 205th episode of the New Planner Podcast. This is Caleb Brown, your host. My guest today is Chris Grellas, who is a co-founder of ProsperPlan Wealth. Chris joins the show today to share his wild college journey that brought him to financial planning after starting as a government major, then a business major, then a finance major, before ultimately ending up in his right fit of financial planning. He discussed how his internship with a local firm solidified his desire to pursue financial planning as a career, and that there were opportunities that were available to him that did not require product sales and sourcing new clients.

He talks about how he was able to turn the internship into a full-time role, and how he created value for his firm in many ways, which helped him work his way up the career ladder. Stay tuned to the end where Chris goes on to share why he felt the need to start his own firm, how it has been working thus far, and tips for new planners. I hope you enjoy this episode with Chris Grellas.

Hey, Chris, welcome to the new planner podcast.

Chris Grellas: Caleb, thanks for having me.

Caleb Brown: So glad to have you on, really looking forward to this. So why don't you just start us out with how you, I mean, you've had a lot of success. You've done a lot of cool things, recently had a new announcement on sort of launching your own firm, but let's just start with how you got there.

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So maybe start from square one on just how you got interested in financial planning, and then we'll go from there.

Chris Grellas: I could jump into that. Started off nearly a decade ago at my university. I went to Sacramento State University and they have a full course of financial planning classes for a CFP track and getting involved with that really kick started everything.

I was able to take every class I needed to sit for the CFP exam. I had professors that showed us who are the good employers, how do we get jobs, how do we understand the industry, and specifically, how do we understand the relationship with a client? I think that's missed with just the textbook. So one day, a recruiter came into one of the classrooms to speak about her firm, and that was my business partner, Lauren Williams. And she talked about how great the firm was, how the opportunity for the internship would lead to a full-time role, and how that role would be hands-on learning from multiple advisors with backgrounds of experience with meeting with clients and it wasn't a role where I had to go out and farm and fish for clients like a typical firm out there.

It was very attractive so I applied for the position and received an interview. And I made sure I studied up for the interview. I was top of my class when it came to financial planning as it was, but that didn't hold me back from practicing with friends, practicing with other mentors for questions. And then when it came to it, it was a great conversation with multiple folks there.

Caleb Brown: Yeah. Thanks for sharing that. Really cool. And I have a couple of things I just wanted to go back. I mean, did you select Sacramento state to, I mean, because they had the financial planning program or did you find that after you were already there?

Chris Grellas: I actually found that out when I was already there. I started off as a government major and switched day one to business. I realized that I didn't want to be in the government sector pretty quickly and made my way there and didn't realize what role I wanted to move into with business so I stayed general. Then I moved into finance and found my love for financial planning.

Caleb Brown: Got it. Okay. That makes sense. All right. So we had Lauren on episode 183 and that was, we'll link to that in the show notes, encourage everybody to check that out. More to come on that. So you said something like, "I knew I wasn't going to have to farm and fish for clients." I mean, was that one of your concerns that you would have to start out trying to get clients early on?

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Chris Grellas: Oh, absolutely. I had acne on my face at the time. So having somebody 40 years older than you trust them with your life savings, it just didn't make sense. I interviewed with a number of different insurance firms, a number of different financial planning firms, and it came down to where they showed me the first day how to doorknock and then I was on my own and I never went back for the second interview.

Caleb Brown: And what I thought was interesting too, is you said, "Look, I was top of my class." I think you meant maybe just like GPA, just sort of grades and that type of thing. But you also said, "I practiced for the interview." Can you just talk a little bit more? I mean, 'cause I don't hear that a lot. I think you mentioned some answering some questions with some of your colleagues, but can just maybe share a little bit more about how you practice for these interviews?

Chris Grellas: Yeah, practicing is incredibly important where you need to find a list of questions. There's guides out there for questions you can research that employers are going to ask you. And then I had mentors in my life, friends in the industry, family in the industry, and they gave me a list of the questions that they would ask their potential candidates.

So I walked through those questions with them. I walked through those questions with professors and their family members so that I could have well-polished answers and an answer that really came from the heart, not just answers that were going to get me the job. And that distinguished myself from other candidates that showed up without preparation at all.

Caleb Brown: Yeah, I think it's just as I do a lot of interviewing and it's pretty obvious on people who have not thought out sort of what they're going to say on some of these things and they're trying to figure out on the fly, and look, it's like you don't have to have every word perfect, but the firm owners that are out there, the interview, I mean, just generally the more polished, the more professional, the better presence, the more gravitas that people, I mean, that's generally who kind of rises to the top and sort of the interview selection.

So it's just kind of passing that along on some inside baseball there. All right. So I interrupted you. So you had the interview with Lauren, you got the position and what was your role? What were you doing when you started?

Chris Grellas: So at the time I was a financial planning intern. So I helped Lauren primarily with her client load and project that she had.

So she would give me financial planning casework. She would educate me on the industry. So I shadowed her and most of her appointments. So it was very hands-on

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and learning the role. And then once I had the full ability to do plans on my own, where I input data for her to be able to prep for her meetings and to be able to take investment holdings and analyze those into softwares, it took time off of her hands so she could spend more time with her clients and relationships while I did a lot of the back-end grunt work for her. So it made our rules mesh together very well.

Caleb Brown: So that was the internship. So did you say towards the end of the internship, you got to where you were able to input some data and create the plans?

Chris Grellas: That's correct.

Caleb Brown: That's great. Fabulous. Sounds like a great experience there. So was that just a typical like three-month internship, something like that?

Chris Grellas: It was actually about a six-month internship. So I started that off my last semester of Sac State in January, and then I came on board as a full-time advisor associate right around June time of the same year.

Caleb Brown: Okay, so you stayed on with the same firm after the internship, and then you moved into, I think you said advisor associate. What about the position changed?

Chris Grellas: So what changed about the position was that now I wasn't only responsible for Lauren and her clients, but I became responsible for supporting the other advisors in the firm. So there was about 20 advisors at the firm at the time. So most, all of them wanted me to help them where their case worked too.

Caleb Brown: And just talk about some of the, I mean, that's been a while now. I mean, that was early in your career, but just talk about some of the top-of-mind challenges that you had. I mean, I can think of just a couple that I had when you're supporting multiple advisors, but maybe just walk us through some of those.

Chris Grellas: Well, the biggest challenge at the time was there never was an associate advisor before at the firm so it was rather difficult for advisors to trust me in the beginning. So, in a sense, I had to sell myself to them in order for them to understand the value of that. And that was a sales role in itself, even though I was in a service role.

And then I started uncovering the challenges they were facing is they were doing financial planning more on a calculator basis, usually just projecting out what their net worth would be towards retirement and utilizing a 4% withdrawal rate on their accounts to plan out here's what your income could look like.

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And we explored different financial planning softwares and the one they had at the time was a little bit too cumbersome for them, and instead, what we ended up doing was building an in-house software. So I ended up programming that for the advisors through Excel and through Visual Basic in Excel, which helped them with their planning. So then they went from a calculator to a visualization of the exact calculations they were doing already.

Caleb Brown: But wait a minute. I just want to make sure I heard this right. So here you are like a year out of—less than a year out of school, got an internship in your program, a financial planning software program through Excel and Visual Basic. Did I hear that right?

Chris Grellas: That's exactly right. I'm a bit of a nerd behind the scenes when it comes to things. So I geek out when it comes to the numbers and when it comes to programming. A part of me wanted to become a programmer rather than a financial advisor in my career, but I'm a little bit too much of a perfectionist.

So I realized that programming wasn't for me. But that led to a need that these advisors had, and it led to a process that was different than following the basic financial planning softwares that were out there at the time. So it allowed us to customize the approach, it allowed us to make it visually and brand appealing, and it became more relatable to clients since the numbers were discussed in a monthly basis, which is more realistic, rather than the annual basis that most softwares do today.

Caleb Brown: And also make sure we don't gloss over this. I think you said you were the first associate advisor take the firm had, so you're not only the first of the associate advisor, which is tough, and I want to come back to you on just sort of how you were able to get them to trust you, and then building this, which sounds like a very large undertaking. One, building it, but also two, getting them to not do it the old way and do it the new way.

Chris Grellas: That's exactly right. It was a challenge to cross the board. It started off with a couple senior advisors trusting me to help them with their work, aside from Lauren, of course. And once those senior advisors started using me for my services, every other advisor started sending me casework. So, it took a few to be able to build that trust, and once it did, it was like wildfire.

Caleb Brown: The dominoes just fell, didn't they? I mean, it's like, and kudos for you to be able to get in. I mean, it's like, look, from a logical standpoint, if you're an overworked senior planner and you have this new sort of younger person that's got a lot of energy, a lot of capacity, it's like, "Yeah, just let them run with something and just see how they do." And I mean, what's the worst that can happen? They mess something up and

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maybe I have to fix—and then you deliver and it's like, okay, it's a no-brainer. Just start giving everything to Chris, right? And is that, how long did that go on before you moved up or changed positions?

Chris Grellas: So that lasted about three, four more years before I was promoted to financial advisor. And it was a continual of developing the systems, developing a process, hiring other associate advisors under me before getting promoted to financial advisor.

Caleb Brown: And then financial advisor. I mean, I wish that meant the same to everybody, but it does not in our business. So what did that mean? What were you doing and how was that different than being the associate?

Chris Grellas: So, that started shifting gears where I was now no longer supporting the advisor's full-time job. I would still support some of the senior advisors for casework, but it moved to a position where I was meeting with clients. So I started meeting with potential clients and helping them decide if they wanted to come on as a client of the firm. And they started to come aboard as clients, which led towards my book of business started to grow.

Caleb Brown: Were they providing the leads and you were closing the warm leads or did you have to go out there and generate them yourself?

Chris Grellas: It was primarily the firm providing the leads. There was a combination of both where I definitely went out and pursued clients, but it wasn't a requirement.

Caleb Brown: And maybe what changed? 'Cause we talked earlier at the top of the podcast, like, "Hey, I was young. I had some, acne," or whatever. But now it's like, "Hey, now I'm out there a few years later getting clients." So what changed?

Chris Grellas: Well, believe it or not, I grew a beard, which helped a lot. It aged me. It aged me. If I shaved my beard off, I still look like I'm 17 and I'm in my 30s now. But gathering the confidence by doing the planning over and over, and doing the planning for one of the advisors, you're doing thousands of plans over your career, over a few year career.

So you're getting experience to so many different client cases that you've seen it all at that point. And once I was able to see it all, I was able to speak confidently in any situation. And if I didn't know it, I was able to confidently say, "I don't know that information, but I can easily research that for you."

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Caleb Brown: Love it. And how long did it take? If you can remember, like how many months or years you were doing the plans for these senior advisors, then where you kind of worked up to where you were actually presenting sort of what you'd created to the client. Or did you ever do that or was it always a senior advisor that did that?

Chris Grellas: So I would present, co-present the plans in front of the client probably about a year in. I mostly shadowed and stayed present and then made edits inside of the meeting, but never was the lead presenter. And then once the confidant was built and the advisor trusted me into the meeting, I would lead the planning presentation and that allowed the advisor to sit back and really understand what was going on with the client scenario without having to spend all their time and energy focusing on the planning and the meeting.

Caleb Brown: And then maybe just talk if you would on, were you just like a W2 employee at this time and just like a comp was like a salary or something, or how were you compensated?

Chris Grellas: Compensation was a salary at the time, and then once clients of my own started coming in, there was a trail.

Caleb Brown: Okay, so salary, and then as you started bringing in clients, a percentage of the revenue they were generating is what it sounded like.

Chris Grellas: That's exactly right.

Caleb Brown: It sounded like it was a pretty good firm. You got some learning. You have you, they let you get in there. I mean, letting you create the financial planning software. I mean, it looks like what happened. Like, so you were there and then you recently started your own firm. So just maybe talk to us about that transition.

Chris Grellas: This April, Lauren and myself, we launched ProsperPlan Wealth. And it's a firm that's geared for keeping it local, keeping it for the client, making sure that they're always first. And that's really important to us because as we got bigger as an organization and our past firm, private equity got involved and our experience was that it became a number.

Everything became a number there, whether it was decision that needed to be made, whatever financial planning software that we were going to use, whatever it was for the client. End of the day, the fiduciary duty ends up becoming to the private equity shareholders, where their profits are very important to the firm.

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So it felt like there was less of a relationship there, less of a relationship I could build with the client, and there was less ability for me to act in a client's best interest. And due to a number of factors like those, we determined that it was best to start our own firm to rid ourselves from the private equity backing and feel fully independent.

Caleb Brown: That's a big decision. I mean, you were about, I think about 10 years or so, if I did all the math right, to leave that. I mean, just talk to like what was the impact on the family? "Hey, I got this great career over here. Great firm making lots of money. And I'm leaving all that and starting from scratch." I mean, just talk us through that. That's a pretty big decision.

Chris Grellas: It was my wife was very supportive behind it all. So I had full confidence in her. I counsel for a number of other individuals, and specifically a member of my church too, who has his own firm in a completely different field of course.

And he actually made a breakaway himself 30 years ago and walked me through what that looked like for him, the anxiety behind it, the prayer behind it, the work, the sleepless nights behind it, but how well worth it was for him, and saying that and getting counsel for him knew, I knew it was the right decision for us to be able to make.

And it was, number one, to be able to make sure our clients got the best possible advice without any conflict of interest behind the scenes, and putting those clients first was everything.

Caleb Brown: And maybe let's go back to the, I mean, we're seeing this a lot, right? I mean firm starts small, gets bigger, and that's good for a certain subset of people.

And then you end up getting people like yourself that say, "No thanks, but no thanks. We're going to go start over." When did you guys know this was probably going to happen? Was it when the PE folks got involved, or was it as the firm just got larger, they just got a little bit away from sort of their founding principles?

I mean, does that make sense? Sort of like when do you feel like there was just sort of going in a different direction?

Chris Grellas: It's hard to pinpoint exactly when. I think it was decision after decision over a long period of time. You could accredit to specific events, but I don't think those specific events on their own posed the challenge.

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It's when you add up the collectivity of all of them together, that weight that we had to bear was just not what was best for ourselves, and it was definitely not best for our clients any longer.

Caleb Brown: Do you think the large aggregators in the big PE firms, I mean, are they good for the financial planning profession?

Chris Grellas: Well, I think there's pros and cons. I think the big pros are that you have a large number of advisors all working together and collaboratively to be able to help support clients. I think that's a wonderful thing. But at the same time, when the larger you get as a company, the dollar becomes the chaser, the motivator, rather than being able to serve the client and do what's best for them.

So I think that there gets some muddying water of the fiduciary duty. And is the fiduciary duty to the firm or is the fiduciary duty to the client? And I think those two war and war more as the firm gets larger.

Caleb Brown: Yeah, it's kind of like an internal struggle, right? You got two opposing forces. Okay. So you guys launched, and I mean, so it was back in April. We're recording this in September. How's it been going?

Chris Grellas: It's been absolutely wonderful. Absolutely wonderful to be able to see our office bloom, to see our employees come in and be able to flourish, to see our clients have a breath of fresh air knowing that they're getting unbiased advice, to see the ability for us to make really good decisions for them. One thing that we're able to do is if there's something out there in the market that we can utilize and leverage for our clients because it's the best thing for them, we're able to be nimble. We're able to be nimble enough to access that software, make sure it gets compliance approved by our compliance team, and then once it is, we can implement it and utilize it with a client and add that extra value of advice.

And sure, that eats into our bottom line, adding in more software, but it's the best thing and the right thing for the client.

Caleb Brown: What have been the biggest surprises for you on this journey of starting your own firm over the last few months?

Chris Grellas: A lot of the surprises that are common that you could see on different podcasts, you can see on articles or weren't as surprises to us because we prepared for those expectations. It's kind of silly, but the biggest surprise is how long it takes to get the office decorated. And getting the office decorated, furniture comes in at different

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times. It doesn't match. You have to take it back. You have to make it look good because we're building a brand. We're building an image for clients to make sure they have a consistent look of ProsperPlan Wealth, and I expected that to be done very quickly, maybe within a week, but it's been going on for a number of months and now our offices are looking much more beautiful. We moved into bigger space and we're really excited about that to accommodate our growing team.

And we know that as we continue growing, we'll consistently have this issue. So I'm looking forward to the day where we'll be able to have someone full-time managing this process.

Caleb Brown: A couple of things there. I just heard you say are getting the office decorated. We need to do a bigger space. I didn't hear anything about virtual. I didn't hear anything about, "We hate office space, we canceled our office lease, we're never going to an office again." And you're a pretty young guy, I'm just looking at you, I mean, why didn't you just go 100% virtual?

Chris Grellas: That's a great question. And I think that 100% virtual can work for a number of advisors.

But for my client base, they love meeting in person. They love the idea that I have a presence somewhere. That I have a home base. If they need to find me, they need to drop something off, or if they need to complain to me when the markets are going down, they know where I'm physically going to be. But 75% of my meetings are all virtual. Only about 25% come into the office. So both are equally important.

Caleb Brown: So you're doing that for the 25%. That's great. Absolutely. Yeah. I mean, you hear the stories like this all the time. Like we have an office, people, I mean, clients will be just in the neighborhood driving around and they need a cup of coffee.

They'll stop by and just get it from us, or the snack or whatever it is, the cookie bar. I mean, that's great. It's just a testament to the relationship that those people have with their clients. They're clients to be able to do that. Well, what else Chris? I mean, thanks for sharing all this. I mean, quite the journey. You came out of school, you were kind of with one firm, which again, your generation, you get stereotyped. It's like most guys do 10 years in the business, they've been with three or four firms. You stayed with one firm, then you went and launched this.

So, what's the transition been like from being an employee, you were an employee at the other firm, now, you're the guy. Buck stops with you. So, talk to us about the mindset shift there.

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Chris Grellas: The mindset shift really comes down to having to be a decision-maker. And I already was a decision-maker for my clients. They were relying on me to be able to give them the appropriate advice so that they can act. And taking that experience of giving advice consistently for the last decade, I was able to then translate that to my own life and say, "Hey, Chris, you're responsible. You have to move forward. No one's going to get it done unless you do it."

And that's exactly what I'm loving right now is that if I want to accomplish something, it's in my own hands. Before, if something I wanted to get done, I wasn't able to accomplish that because I had to rely on many others that had other warring interests. But now, it's a true blessing. A lot of folks say that, "Hey, you have a lot of stress. You have to bring the stress home with you as a business owner because it's 24/7." For me, I enjoy it. I love being able to think through things and if it's in the middle of the night where I have a problem I want to solve, I'm able to just get it done and do it because I know it's going to be better for the entire business.

Caleb Brown: Do you think you've always been an entrepreneur or were you an accidental entrepreneur that was sort of forced into this because the business changes?

Chris Grellas: I think it's a little bit of both. I think that there was definitely a force into it just due to business change for certain. But the character of a good financial advisor is typically an entrepreneur mindset, where you're meeting with folks, you're building a business, whether that's at a firm or at your own firm, and you're making decisions on a constant basis, and that takes the entrepreneurship in you in order to do well. It doesn't mean that you have to be a full-on entrepreneur, nor does it mean you have to grow a national firm. It can be local and do very well to have that boutique feel. So I would say a combination of both for certain.

Caleb Brown: Chris, this has been a lot of fun. I really appreciate you coming on and sharing your story and really, really interesting stuff and what a journey it's been. Any final tips or comments or words of wisdom you want to leave the new planner audience with?

Chris Grellas: New planners, I would just encourage you to know the financial planning industry really well. You need to know not just the textbook, but know it's about the relationship with the client. So, the textbook isn't going to teach you everything. Find resources to help people understand how to communicate a concept in multiple ways. The way that you communicate to somebody may not be the best way for that person, but it may work for quite a lot of others. So if you can deliver advice and many avenues, you'll do very well.

Caleb Brown: You mean everybody doesn't want a six-page email?

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Chris Grellas: No six-page emails, please no.

Caleb Brown: Chris, thanks so much for coming on the show.

Chris Grellas: All right. Thank you, Caleb. Thanks for having me.

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