



# TEAM TALK

The Industry's Leading Source for Team Development



## The Rise of Mega-Teams

*“Some say it took courage for us to focus on the long-game... to let go and forego the comforts of the known and embrace the unknown” - anonymous*

As they say, nothing breeds success like success. And BIG success is even more enticing. Recent industry studies and our coaching experience confirms the trend of how larger partnerships, working groups and teams are gobbling up more assets, more revenue and more elite clientele than the more traditional formats.

Mega-Team (MT) practices frequently consist of over 6 advisors, a dozen support staff and are managed by an array of dedicated support professional(s) often known as Group Directors, HR Specialist and Marketing Coordinator.

**The Numbers:** Trends suggest that MT's may now be enjoying as much as 3 to 6x growth in AUM and Revenue as solo practitioners or basic partnerships. And it is estimated that MT's may now represent as much as 15% of all practice formats across the industry. This dramatic growth is still gaining momentum and is expected to continue through-out the decade ahead.

### **Growing Pains:** The Life-Cycle of Mega-Teams

Drivers of the MT phenomena are not always readily apparent. Internal factors, such as a thinning of support by their parent firms, likely nudged proactive advisors to forge alliances to leverage their combined resources. The need to provide a wider array of specialized expertise under a unified relationship manager is likely another contributing factor. Geographic coverage is another likely reason as their clients seek to move to more tax friendly states.

And the MT trend is going strong in both RIA's and Family Office channels as well where hyper-M&A activity has allowed for an integrated wealth / estate planning or corporate services solution all under one brand.

*“Our biggest challenge now is taking the time to enjoy our growth . . . frankly at levels we only dreamed about.”*

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### **Up-coming Events:** Webinars

- Team Meetings (Jul 2023)
- Prospecting in a Down Market (Aug 2023)
- The X-Factor / Team Leadership (Sep 2023)

**RSVP:** [support@teampersformancegroup.com](mailto:support@teampersformancegroup.com)

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## Some Common Attributes of Emerging “Mega-Teams”

Some are quick to say that “*you’ve seen one mega-team, you’ve only seen only one mega-team*”. Yet, from the work we have done in guiding the creation and evolution of mega-teams over that past decade, some common attributes arise:

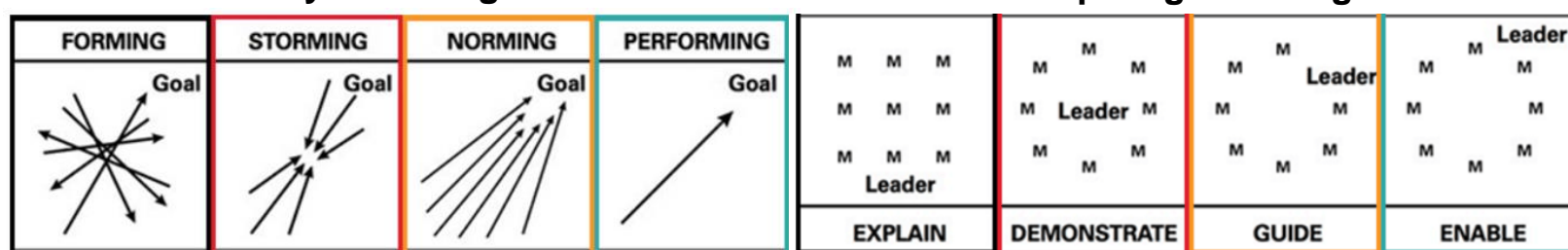
- **Role Delineation:** MTs understand the benefits in choosing a niche specialty and putting subject matter experts in place to support a custom-made client experience leading to more specialization in their roles.
- **Geographic Dispersion:** integrated network of multi-branch coverage and expansion of regional / national footprint
- **Comprehensive Compensation Plan:** willingness to forego shorter-term individual compensation in favor of a broader compensation model that rewards individual contribution and longer-term enterprise value creation. Career paths are often tied to a defined path to equity partnership or compensation that reflects the contribution of each role.
- **Professional Leadership / Management:** willingness to transition from advisor-led to Professional Management e.g., installing dedicated management separately compensated for that role such as a Group Director position, HR Specialist, Marketing Coordinator. The role of the Team Leader transitions to focus on enterprise level strategic leadership.
- **Institutionalized Trust:** awareness of the power of inclusion and giving voice to all levels of the team regardless of title or role. Members are rewarded for embracing “heathy debate” as a growth seed.
- **Succession & Practice Acquisition:** ability to market their practice integration track record. Demonstrate success at consolidating platforms, policies, pricing, people, client preferences, client standards of care of multiple practices into one. Proactive marketing to succession candidates or practices struggling to invest to keep up.
- **Vertically Integrated Value-added:** Self-directed, autonomous system for recruiting, onboarding, mentoring and developing a team “depth chart” of skilled, credentialed professional human capital. Willingness to acquire expert talent to have dedicated skills on the bench.
- **Optimizing Enterprise Value:** keen sensitivity to running the practice as a “business” to increase enterprise valuation that can be monetized in the future.
- **“Silo-Busting” Mentality:** understanding that a silo’ d practice is a more costly / less profitable practice to run for the long run.
- **Collaboration Intensive Cultures:** high appreciation for the Return On Collaboration, diversity and inclusion.
- **Brand Centric:** understand the differences and complimentary role of a holistic Marketing / Branding eco-system.
- **Leverage External Resources:** Seek out external “*ensemble*” coaching to tap into their unique experience at consulting more complex, geo-dispersed team formats. Seek knowledge of how to integrate multiple legacy cultures into one unified mission, vision and execution system.





## Life-cycle of Mega-Teams

## Leadership Stages of Mega-Teams



Source: Tuckman 1965

### Phase 1: Forming

In the *first stages* of mega team building or integration, the *forming or combination of legacy teams* takes place. The catalyst to expand or join other teams can be to leverage market opportunities, maximize compensation, add client competencies, etc. This stage can be one of lower conflict since member behavior may be focused on “fitting in” and be accepted. Individuals may avoid conflict by suppressing their own views, feelings or needs until they feel that it is “safe” to articulate them. Lack of clarity about the new team hierarchy, position power, status and tenure can all combine to affect the chemistry and willingness of individuals to collaborate. Thus, some may remain in operating “silos” or cling to “the way we have always done it.” Individual empowerment tends to be low. The **leadership role** of the new team tends to need to be more directive in style sorting out priorities and explaining what needs to be done. Clarity of goals and expectations can be murky and shifting.

### Phase 2: Storming

At some point the new MT enters the *storming* stage in which **competition and conflict** can begins to enter the team’s inter-personal dynamics. The team can begin to experience “friction” over what problems they are really supposed to solve, how they will function individually and together and what leadership model they will accept. Areas such as moving to unified fees, platforms, business model, branding, client deliverables can all become areas of contention. Team members may begin to confront each other inappropriately and in the wrong measure, tone, time and place if solid ground rules are not in place. In some cases, *storming* can be resolved quickly. In others, the team never leaves this stage. The *storming* stage is necessary to the maturing of the team. Tolerance is the most important attribute for team members stuck in this stage. Without tolerance and patience, the team may fail to remain together entirely. Some teams never evolve past this stage. Team Leaders need to be hands-on, more accessible and willing to lead by example. This may last until they start to see that the rewards from collaboration exceed the cost of letting go of personal agendas.

### Phase 3: Norming

In this stage, the team now begins to “catch it’s stride.” Here you begin to see operating efficiencies from removing redundancies in coverage that do not add direct value to the team or to their client experience. Team members in this stage have “**clarity**” by having defined roles, deliverables, priorities, policies and a uniformity of the client experience. The team executes against one goal and come to a mutual plan for the team at this stage. In this stage, team members begin to take the lead and responsibility for mutually defined team objectives and hold each other accountable to achieving those objectives. Team Leader’s role transitions to more of a “guide.”

### Phase 4: Performing

In this phase, teams **function as an integrated unit**. Members have earned empowerment and add to the collective outcome. External supervision is minimal if required at all. By this stage, team members are highly motivated by the knowledge that their own individual contribution is valued by the team, recognized and linked to the reward systems of the team. A team culture of fairness, openness and vulnerability is commonly felt by all team members, and they begin to protect those value on the team. The team members are now highly skilled in defined specialized roles, operate with a level of mastery or expertise and can operate autonomous of the Team Leadership’s day to day involvement. Decision-making is now de-centralized and the team’s ethos is tangible.

# Evolution of Teaming



## Observations:

- 1. Focus on Outcomes, Not Inputs:** Mega Teams have their “*eye on the prize.*” They demonstrate the willingness and ability to forgo short-term reward and make strategic investments for the good of their longer-term enterprise value. This ability to focus on the fruits of their decisions rather than getting stuck on “*what’s it going to cost me*” seems to be a singular competitive advantage over more traditional team formats. Their ability to focus on creating a sustainable competitive advantage (scale, geography, marketing, etc.) seems to be a hallmark of the Mega-teams we have coached.
- 2. Focus on Empowerment, Not Entitlement:** Mega-teams tend to be “silo busters” and bristle at attempts to protect the status quo. As such, privilege is replaced by competency and skill wherever they can find it...internally or externally... regardless of seniority. Many teams accelerate internal promotions and span of control that traditional teams may hold onto past the point of strategic effectiveness.
- 3. Focus on Return On Collaboration (ROC), Not Return On Investment (ROI):** Mega-teams are all about untapping latent levels of productivity. They seek to leverage inter-personal dynamics that recognize group outcomes from high-order cross-team collaboration. This often requires **co-creating** innovative ways of knitting together multiple offices or markets while delivering a higher order, more complex level of a client standard of care.



**Team Performance Group** LLC