

Strategic Financial tops \$1B in assets under management

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UTICA — In 2013, Alan R. Leist, III told this reporter, “Our goal is to hit \$1 billion in assets within two years. Mission accomplished, says the managing partner and a principal at Strategic Financial Services, Inc., headquartered in Utica.

On Oct. 29 of this year, Strategic Financial’s assets under management (AUM) hit \$1.03 billion, up from \$850 million two years prior. “Our investment and wealth-management group is now \$860 million,” says Leist, “and corporate-retirement planning is \$170 million.”

Not bad for a company with humble beginnings. Alan Leist, Jr. founded Strategic Financial in 1979 with a focus on wealth management and estate planning. He ran out of money after three months and convinced KeyBank to lend him \$25,000. Leist, Jr. parlayed that loan into a business that today employs 27 people and generates \$6 million in annual revenue. The company is headquartered in a 9,000-square-foot building on Business Park Drive, which it owns, and has additional offices in Syracuse and West Palm Beach, Florida. Leist, Jr.; Leist, III; and Judy Sweet, company president, are stockholders.

“We’re committed to growing the business,” says Leist, III. “To accomplish this, the leadership team developed a strategic plan in 2013 which is being rolled out over three years. We benchmarked our business, created a SWOT (strengths, weaknesses, opportunities, threats) exercise, reviewed our value proposition, and wrote a business plan. The priorities are clear: focus on the client experience, team engagement, and infrastructure.”

To implement the new business plan, Strategic Financial brought in Michael Leist as the team leader of marketing and business development, and Douglas Walters as the chief investment officer and a team leader. The company also partnered with Charles Schwab’s advisory services, invested substantial capital in

two new computer platforms to improve the operational flow, and added subscription services to enhance research capabilities.

“We also focused our attention on the staff,” asserts Leist, III. “The leadership team reviewed all job descriptions, formalized individual goals, set up regular quarterly reviews and a formal annual review, encouraged career advancement, and stressed placing the client first. In addition, we promoted community involvement of all our employees, encouraging volunteering on company time, and matching employees’ charitable contributions. And finally, we set up a schedule for the leadership team to meet twice monthly to ensure that we were coordinating properly. Once in place, we regularly review our progress.”

Target audience

“Strategic Financial caters to high-net-worth clients and emerging professionals,” says Leist, III. “Our clients [typically] have \$1 million to \$20 million in liquid assets or the potential to get there and a net worth of \$5 million to \$100 million. The institutions [we serve] also have endowments between \$1 million and \$20 million. This is our sweet spot, our core competency. On the institutional side, we have 33 relationships. While most of our clients live and work in the region, technology lets us reach out to them anywhere in the U.S.”

Leist, III contends his firm stands out from the competition through its value proposition.

“We don’t sell a product. We share in-



A. Leist, III



M. Leist



D. Walters

vestment advice based on a thorough understanding of the clients’ goals. It takes time not only to understand the client but also to earn their trust,” he says. “Our clients have access to key executives at the company to be sure their assets are both protected and growing and to help explain our investment strategy. Despite the growing competition from robo-advisers [over the last decade], who rely on Web-based software and algorithms to guide investing, we continue to believe that personal advice based on solid research is the right business model. We add value to the process, because there are [unquantifiable] factors in making investment decisions, such as planning a child’s education, gifting, and many other life decisions.”

Robo-advisers, a/k/a “automated-investment advisers,” “online-investment advisers,” and “digital-investment advisers,” provide portfolio management online with either no or minimal human intervention. The research firm MyPrivateBanking Research forecasts that in five years the robo-adviser industry will have \$255 billion in global assets under management.

The Strategic team

Leist, III has high praise for Strategic Financial’s team members, starting with the leadership team. Leist, III and Aaron Evans head the adviser group, David Lemire retirement plans, Walters investment management, Kasey Williams client service and compliance, Michael Leist marketing and business development, Jeremy Stewart IT and data integrity, and Nancy Meininger office management and finance. “Strategic Financial has an outstanding team of employees,” says the managing partner. “Ten are focused on research, 16 on service and support, and one on marketing and business development. Their educational levels and professional credentials are very impressive. Half of the staff is under the age of 40, which gives us a good mix of fresh ideas and those with years of experience. We also support a number of interns annually, some of whom, upon graduation, are

hired as employees.”

Attracting talent to the firm appears not to be a major concern, as exemplified by Walters’ experience. “I spent 13 years with Deutsche Bank and EVA Dimensions, living in London and New York,” reflects Walters. “I appreciate the opportunities and experience I gained, but I woke up one day and decided that commuting to a [mega] city was putting too much stress on me and my family. I felt the pull to return to Upstate, where I was born and raised ... I was delighted when the professional opportunity opened up at Strategic Financial. It’s a very different way of life here. I feel like I am part of the community. People have reached out to me to get involved, something that was rare in New Jersey ... I think the local area is undersold.”

Michael Leist’s role as the team leader for marketing and business development is critical to the continued growth of the com-

pany. “We have a good share of the local marketplace and in the last two years have made strides in expanding our business in Syracuse. In order to grow, the strategic plan puts an emphasis on communications both internally and with our clients. [To that end,] ... we built an in-house video studio to allow the staff to share their investment perspectives,” he says. “Educating our clients is part of the mission. We also overhauled the website as part of our rebranding effort and expect to launch the new site on Dec. 1. We email a weekly newsletter summarizing the events of the week and their impact on the markets. In addition, the company is ready to roll out an advertising campaign to support the rebranding efforts.”

As Strategic Financial enters the third year of its strategic plan, the company is already looking ahead to the next five years. “We have clear goals and bench-

marks as we move forward,” asserts Leist, III. “We want to grow our revenues at 8 percent compounded annually. That means in 2020, we should have \$1.5 billion in AUM. Half of that will come from investment growth and the other half will come from client referrals for new accounts. We want our efforts to satisfy our clients to generate one referral from each one. The plan also includes efficiency metrics to measure operations and team surveys in order to understand the employees’ point of view of what it’s like to work here. And finally, we want to know what our clients think of how well we perform. If I were to summarize the strategic plan in one sentence, I would ... [cite] my father’s favorite saying: ‘Make sure the clients achieve their goals.’” ■

Editor’s note: Poltenson is personally a client of Strategic Financial Services.