

Podcast Transcript

Synergize: Unscripted Conversations to Help Guide Advisor Growth

Episode 17: Tim Whitney: A CEO's Take on Building a Firm for the Future

INTRO:

Welcome to Synergize, unscripted conversations where we explore the evolving role of the financial advisor in an emerging AI-driven world. Join us as we bring together thought leaders across a range of disciplines and industry experts, sharing insights designed to help RIAs thrive in the industry of tomorrow.

BILL COPPEL:

Hi, I'm Bill Coppel, Chief Client Growth Officer at TradePMR.

RYAN NEAL:

And I'm Ryan Neal, Senior Editor at TradePMR, and you are listening to the Synergize podcast.

BILL COPPEL:

So, Ryan, today we're talking to a financial advisor who's had an interesting journey from the wirehouse world to starting an RIA. His story is one that I believe other financial advisors considering their growth options for the future can learn from.

RYAN NEAL:

That's right, Bill. It's an experience that a lot of our audience is probably familiar with. But what we're going to be talking about today is really building a firm for the future and what it takes to meet the evolving needs of clients and the next generation of advisors.

So, we'll be hearing from an advisor who has described going from running away from the wirehouse mentality and the restraints that that brings to more of a running towards business growth mindset with the freedom that independence allows. So, I'm really excited to talk about this shift in his thinking and what it's enabled him to build and grow to better serve his clients and boost that enterprise value of his firm.

BILL COPPEL:

I'm with you, Ryan. The world's changed and client expectations have changed along with it. But as an industry, we tend to do things the way we've always done them. Thanks to people like Steve Jobs and Jeff Bezos, we now expect to get what we want, when we want it, and the way we want it. And that's really the new bar. It's redefining how we might want to be thinking about personalization and where it fits into the delivery of financial advice and guidance.

Our guest, Tim Whitney, is here to share a bit about his evolution as a financial advisor and some of the insights he's gleaned along the way.

TIM WHITNEY QUOTE:

Especially as a leader, you better be prepared to wear all hats and find which ones that you don't do very well and be able to hand that hat to somebody else. Because the best thing I ever did was give up the keys of the finance.

We're knocking it out of the park, but it's only because I had to humble myself and give over some responsibility and experience to somebody much more gifted than I. So, you want to wear all hats? And I would say don't.

BILL COPPEL:

So, Ryan, tell us a little bit about Tim's background.

RYAN NEAL:

So, Tim is the CEO of TradeWinds, an RIA based in Raleigh, Durham, North Carolina. And I first met Tim in working with him on an article for RIA Reflections, a new publication from Trade PMR, where he talked about his experience as a second-generation advisor, working for his father's firm, eventually taking over that firm as part of a succession plan and then making the move towards independence.

So, we talked about the emotional side of that, which is something the industry doesn't talk a lot about. It's a really great story. He did a great job writing it and I encourage you to go check it out on RIA Reflections. But we're excited to have Tim on the podcast today to talk more about what he's been able to do since he made that shift, what independence has allowed him to build. So, Tim, thank you for joining us. Really excited to have you here.

TIM WHITNEY:

Absolutely, Ryan. Thank you for having me, Bill. Thanks for having me. It's a pleasure.

BILL COPPEL:

Well, it's great to have you, Tim. I want to start with this question. You have had an interesting origin story, as they say. Tell us a bit about your journey to becoming an RIA and how that's helped enable you to grow your business.

TIM WHITNEY:

Sure, happy to. And Ryan, we did a great job in trying to tap into the emotional side of my origin story. Like you said, I was a second generation, right? I grew up with a father who made phone calls and sold stocks in the back bedroom as a kid. And that's what I knew growing up. We never talked baseball or football. We talked stocks and economy. So that was how I related to my father, Fred.

So, I was really happy to learn the business from him. But I learned it in the wirehouse, right? We learned it from the big banks and Wachovia is where I came in in 2003. And then I took over the business once Wells Fargo had acquired Wachovia Securities. And I knew that I had more of an entrepreneurial spirit in hand, but I knew nothing more than just the wirehouse side. Out of

respect for my father, of course, I was gonna stay in there until he was gone. He was never gonna leave that spot.

I was happy to jump independent. Wells Fargo had an interesting option for us to go as a channel and we jumped all over it. And it took about a year for us to realize as a team, because I left with a group of five to six, oh my gosh, we're on our own here. And we realized we were actually running a business and we weren't just workhorse financial advisors inside of a wirehouse.

So, we can kind of discuss a little bit more on how I grew and why I grew, but that was a great origin part of it. I came out of the wirehouse side, kind of a foot soldier second-gen to learn it and then all of a sudden, the world opened up. And when we mean open up, we mean you have to pay for your lamps and your health insurance as well as advise clients.

RYAN NEAL:

Well, so as we mentioned in the intro, the name of your firm now is TradeWinds. So, can we talk about is there significance there? What does that mean? And how did you land on that?

TIM WHITNEY:

Yeah, actually my wife named it, Kate. So, we were sitting around thinking on what we were going to do. And most important to me is I did not want to have all the buzzwords. I did not want "wealth management" or "advisors" or have a lighthouse or a fortress or something like that. It just seemed played out. We wanted something elemental, something unique that was its own. It also didn't have my name in it. Whitney Wealth Management.

We wanted something completely distant from that, so the trade winds are based upon actually the easterlies and the TradeWinds are a force that is consistent within the earth, and they are consistent in their force and direction and that's where the TradeWinds actually derive from. That ships would use that as they're navigating trade routes, and it fit perfectly with us. Wind happened to be my favorite element as well.

But it was something we could really grasp onto. Clients need us to be consistent. They need a direction. They need to be able to know that this is their ship and our job is to power them. And the TradeWinds really stuck. And we love to have, if you've looked at our, even our emblem, it's something really cool. It's unique. It doesn't have anything that says, hey, give us your money. It just shows its own breadth. And we really loved that vision. That way, my people with me can own it. It's not Tim Whitney's TradeWinds, it's TradeWinds." Now, "T" and "W" is in there, so there's something cute about that. So, we snuck "TW" in there. So, my ego got just enough with the "TW", but really, it's a great name. I think it fits perfectly.

BILL COPPEL:

Tim, that's a great story. Obviously, over the years, I've met and worked with many, many financial advisors and RIAs. I've often asked the question, so where did you come up with the name? I've got to be honest with you. I have not heard anyone as thoughtful as you around

this, which leads me to my next question. It's really around this notion of growth. You left the wirehouse world for freedom or independence, as you said, being very familiar with the wirehouse world they do a wonderful job often of constraining what we're able to do. And when, as I mentioned in my intro that the world's changed and people are looking for a different experience as it relates to financial advice and guidance.

Talk to us a little bit about some of the things that you're doing that have really helped new relationships become a part of your business and things that you're doing to help grow the business with existing relationships.

TIM WHITNEY:

Yeah, absolutely. And let me first give a shout out to the overarching compliance from the wire houses. They have their place. It was really nice to be self-regulated when we stepped in the independent space. Nothing is more dangerous than somebody brand new coming into independence without self-regulation. So as much as we hated it, we really did love the fact that once we were able to govern ourselves in the independent space appropriately.

When we did jump, when we realized we had a lot of these constraints outside of FINRA and an institution and we were regulated by the Securities Exchange Commission, we realized, oh my gosh, we can market in new ways. We can say what we need to say as long as it's not promissory, as long as we weren't being egregious. And we had a lot of that self-regulation already. It allowed us to explore things like blockchain and cryptocurrencies, marijuana stocks, the unique outliers, even if we weren't to sell them, we could discuss them when we felt like in the inside, our hands were clamped.

We were able to raise money when the hurricane strikes, when we have Helene hitting Western North Carolina, we didn't have to ask anybody. We just started collecting goods and getting them out to the fire departments and the municipalities. Those kind of actions, should happen immediately. And a lot of times when you go in the independent space, you have that ability.

Clients loved that, Bill. They loved the fact that they wanted to do something. We could be a conduit for them and we could act. They have a question about what the heck is Bitcoin and Ethereum and we can discuss it. We're not there to sell it. We're not crypto bros, but we can actually have a sit-down conversation about it. I can create a podcast myself about it or a one-page piece and send it out as long as our compliance group, Key Bridge, shout out to Key Bridge, as long as they see it and sign off on it, we're okay.

It allows clients to come in and literally sit down that first year and go, I didn't realize that you had the ability to do this. And we got to laughingly come back to them and said, neither did we. We didn't realize that we could actually own a little bit more of what we're doing. So, we create our own financial planning process, our own investment style. And clients have really enjoyed our ability to be free because they see that we now enjoy what we're doing.

We had a new guy come over and it's fun to see for Todd, one of my new FAs, the same thing has fallen to him. That fate has dropped off of his shoulders and there's some freedom behind it. So, we really love the independent space.

BILL COPPEL:

Well, that flexibility that you've picked up really has allowed you to begin to tailor what you do on a per-client basis. And you're not following a cookie-cutter path.

TIM WHITNEY:

That's correct. I would say the big thing we did was we focused on marketing early. We wanted to get our message out early. We wanted to broadcast LinkedIn or host things. We wanted to host parties and events as long as they were appropriate. And again, we were self-regulated.

That is something that I believe a lot of the enterprises need to control. And I could only imagine as we scale that I will change faces. And I know maybe I'll be out of business at that point if I have to shift into an enterprise corporate role. In this space, now I don't. I've got a lot of wonderful freedom.

What's important is we also created a client advisory board because we didn't want to just turn the message from we're going to broadcast what TradeWinds is if it wasn't appropriate for them.

If it was corporate led, not client led, it was a fail. So, we ended up having a really good subset of clients. We created a board. We make sure we present everything to them. We meet once a quarter and they get a lot of voice and say into that and then we execute. It's lot of fun.

RYAN NEAL:

Well, Tim, I want to turn the conversation a bit to what other advisors and firm leaders out there can learn from how you've approached things. But one thing that really stands out to me in your story is your being honest with yourself. Knowing that you had this entrepreneurial desire that it's who you were it's to who you were wired to be, as well as the people that came with you. It's just really what you want to do and being honest with yourself.

And on the flip side, I had an interesting conversation with a woman yesterday at the AdvisorHub, the Advisors to Watch summit, long time Morgan Stanley advisor. And we were talking about that and she was like, you everyone's going independent these days.

I just don't want to. The idea of having to figure out, as you said, insurance and an office space and lights and all the various things that come with running a business. She's like, I just, I absolutely don't want to do that. It sounds horrible to me. I love being at a firm. And I thought that was great too, right? Is being honest with yourself.

It's doesn't have to be for everybody. So anyway, I just thought that kind of stood out to me was knowing who you are, knowing what your strengths were, capitalizing on those and then

looking for help where you need it. But anything else you'd add to that? Like what else can advisors learn from you?

TIM WHITNEY:

I applaud her answer, quite honestly. I think that's wonderful. She knows that she didn't want to do it, and I think that's great. If that's the way she felt, good. That would be my reaction to you, Ryan, is be your truest self. Whoever's listening to this, either if you've been in the business for 20 years and you're wondering how the landscape has shifted and what do I change over to, or you're just starting, I think the most important thing is to be true to self whether that is you want to focus on a certain subset or group of population.

For me, I love wanting to be data-driven. I love being a chief executive officer of a firm. I find myself being less and less of a financial advisor. I love the people and clients I've worked with, but more and more of a chief executive officer because you really do have to wear a lot of hats. I love to get the letter from the Securities Exchange Commission because that's my job, right? So, my employees don't have to.

I would say, again, be your truest self, be your purest form because one, clients can smell that. If they know you're trying to be something you're not because you read it in a book, you're gonna get sniffed out. The other side of that is if you do become really pure and true to what you love to do, an investment manager or a full financial planner or you just like to sit around and talk politics and that's what brings clients in, that's who you'll attract. You'll attract those clients; you'll attract those employees that want to work with you and you're gonna be happier in the long run.

There's nothing worse than getting a phone call from somebody, be it a client or an employee and go, "I don't know if I wanna pick this up." And similarly, if you're calling a client and you don't have a good relationship, they're probably looking at the phone going, "I don't wanna pick this phone call up." But if you like what you're doing, because you're true to yourself and people can see it, you've created some great magic there. And I would say that's a beautiful advice. So, I applaud her just staying in the business.

BILL COPPEL:

I agree with you, Tim. I think that's fundamentally the most important decision you make. And it's not easy to do what you did. There are tremendous rewards in doing that, but at the same time, you've got to understand what your strengths and weaknesses are.

I want to go back to something you just mentioned in your last answer, which was around data and this desire to control your data. How do you creatively use the data that you're capturing to create value for your clients and how is that contributing to your ability to sustain a unique market position?

TIM WHITNEY:

I love it, Bill. We could be here all day talking because I really do enjoy that. And shout-out to TradePMR and their ability to create the data streams and be an open-ended project or a group to work with. So, I really like that. I came out of a computer science background. I have a degree in international business, but before then I was a coder and a computer science major. So, I'm able to already speak in that language and I can draw to that language in software development.

For that reason, we realized there's a big movement that used to be on-premises server farms now to the cloud. And it tends to go up and down on-prem and into the cloud. Right now, there's a huge push with Microsoft and Google and Amazon, the AWS space to go into the cloud.

We're going the opposite way. We are coming into a hybrid approach. So, we actually have our own server in-house with battery backups. We have our own switches. We're controlling everything in-house while working with Microsoft Azure, just happened to be who we're using. I love controlling our data so we can get a direct feed from TradePMR, First Clearing Corporation. I mean, it's our data. It's kind of all of our data, right? It's beamed out there.

So, I think a lot of RIAs and leaders need to understand you control this stuff. And there's an expectation that you've got just as much responsibility for the data. Because of that, we build on top of it too. So, now we can go in and start to catalyze what our data is. What is it saying? What is it able to read for us? If something happens in the cloud level, like CrowdStrike shuts down, we still get to operate. That's a beautiful thing that we have.

For RIAs that don't want to do it, here's TradeWinds, right? I'm able to do that for you. So, I offer something unique above and beyond just a culture and my personal group and the people we work with. I actually offer an on-premises data center. We can help compile that. I'm the nerd in the group. So, I'm the capitalist CEO and the data-crunching nerd. That's a pretty unique opportunity I can give to people.

Clients don't understand it as much and they shouldn't. I don't think, I don't think clients need to understand the fact that they're giving away data at every moment, but rest assured you better be able to answer the question of who is in control of your data, Tim and RIA leader and financial advisor? Do you have any say or control on that? And you better be able to answer it, I think is a good problem or good solution.

RYAN NEAL:

Yeah, and a quick note for our compliance team. Tim was not paid by us to make that shout out to TradePMR. That was organics when they're going through the transcripts.

TIM WHITNEY:

I was not.

BILL COPPEL:

That's right. Well said, Ryan. Tim, that's incredibly important. Data is a big topic today, both from the security perspective, but also as it relates to this ability to create a better personalized outcome or experience for our clients. I know that that's becoming a much bigger component of it. And when you think about that in terms of building a firm for the future and growth, data becomes a very important component of it.

But also, as a leader, as a founder, as a CEO of the firm, how are you thinking about sustainability and succession? And how are you preparing your firm for that reality? At some point, you're a young guy, you can be around for a long time, but I think it takes time to really build a foundation that creates a sustainable business. Talk to us a little bit about how you're thinking and approaching that.

TIM WHITNEY:

Bill it's a great question and I think we owe it to ourselves to put everything on the line for the good of our firms. Again, the reason TradeWinds came to pass and my name's not tethered to it is because if I died it should not wither on the vine. So, we've done a lot of the work for continuity planning. We have a leadership team, heads of departments I've got a failsafe if something were to happen to me Stephanie Williams is my president.

She works right underneath me. She is the in-house leader and we've got the ability to say, all right you all, if any one of us move, how does this thing continue to go? I could be removed. They lose me. They lose who I am, but that doesn't mean TradeWinds as an organization falls and fails. So, what I would say to anyone listening to this is you have to do continuity planning now.

You've got to have a plan in place, even though I'm only 46 and I may be doing this for a decade and a half or so. You need to have any kind of plans drawn out in place. Clients should even know that. And we did it because I was willing to put it all on the line. I literally had to stand in front of my team and say, any one of you are replaceable. And that pointed back at me too. If I was destructive to TradeWinds because I was making bad business plays or saying something egregious, I had to go. And we all put ourselves on the line for the good of the firm. Once the management team bought into that, that the firm was important and then we supported that, we were driving forward. It gave us a value system and a reason to create.

And then to the other side of that for the continuity side, when we're talking about succession, then you need the legal documents in place. Sit down. You have to have your LLC set up correctly. You have to have the accounting in place. You have to have the legal affairs in place with your capital markets attorney. Make sure people know it. And get a big insurance policy in case one of you dies, I would say.

BILL COPPEL:

You're spot on, Tim, because it isn't just about getting real estate and office furniture and equipment and technology to build a business. I think your approach to it, and that's really the

reason I wanted to ask that question, is fundamentally, and you said it right from the top, which is, you've got to be structured correctly if you're building a sustainable business.

And I guess my question is, why wouldn't you build a sustainable business? So, I appreciate your insight and thinking around that.

TIM WHITNEY:
Absolutely.

RYAN NEAL:
Well, so as we wrap up our conversation, one thing I want to bring up that I strongly disagree with here is that wind being your favorite element. Everyone's entitled to their opinion, but come on, wind can ruin a perfectly nice day at the beach or on a ski slope. You got water and fire right there. Come on, man.

BILL COPPEL:
Ha ha!

TIM WHITNEY:
Yeah, especially when wind hits, wind can really destruct but I do love it. There's something beautiful and powerful, but also calm. As terrible as it can be too, can also cool you on a day at the beach too, right?

RYAN NEAL:
That's true, that's true. But I love the story of the name of the firm and everything you shared. So, as we kind of wrap it up, what we like to do here on the podcast is share three actionable items. So, anyone that listens to us can take home or take you when they're going to the office and enact right away to help drive growth and build their enterprise value. What would be your three recommendations?

TIM WHITNEY:
I had to think about this for a little while here because I've been asked these questions before, but I would say be prepared to automate. That's the biggest thing that if you're doing manual processes, whether it's Excel spreadsheets and tax coding, you need to stress test those. And if you grow at scale, you go from a hundred clients to a thousand clients, they're going to break. So, you need to be able to stress test and automate any manual processes. That's a big, big thing, especially in today's changing environment. The landscape, everybody says the landscape is shifting. Nope, it's already shifted, right? The landscape has shifted.

The other thing is that you really need to embrace the fact that there is a defining technology that has hit the world and that is blockchain technology and digital assets and cryptocurrency. Again, we're not worrying about the actual currency, but you need to be quite aware that this is going to shift how the world interacts with each other and advisors need to be knowledgeable of that. You have to be.

The last thing I would say is, especially as a leader, you better be prepared to wear all hats and find which ones that you don't do very well and be able to hand that hat to somebody else. Because the best thing I ever did was give up the keys of the finance to Tracy Nobles, who is much more gifted than I. And we just had our quarterly meeting yesterday, and she reported on that.

We're knocking it out of the park, but it's only because I had to humble myself and give over some responsibility and experience to somebody much more gifted than I. So, you want to wear all hats? And I would say don't.

RYAN NEAL:

Well, that's great, Tim. Thank you so much again for joining us on the podcast and I think we had a dog guest star at the end there somewhere. So, shout out to the puppy. We love our pets here on the podcast. So, Tim, thanks again.

TIM WHITNEY:

Sorry about that. Thank you, gentlemen, for having me. It was much appreciated. Thank you very much.

RYAN NEAL:

So as a brief recap of the three action items that Tim shared, one is to be prepared to automate. Number two, be aware of the blockchain. Even if you're not recommending cryptocurrencies, at least know how that technology is impacting the financial systems of the world. And three, as a CEO, you're going to wear a lot of hats. So, find which ones fit you and the ones that don't, be ready to hand them off to someone that can maybe do it better than you can.

We hope you enjoyed today's conversation. If you like what you heard, please take a moment to like and subscribe, follow us on social media. And in our episode notes, there's going to be a link to Tim's article on RIA Reflections. Would love for you to go to check it out. Let us know what you think and thanks again for listening.

BILL COPPEL:

And Tim, I'd like to share my thanks with you as well for joining us. And to our listeners, thanks for listening. And watch out for our next episode, where we'll bring you even more insights and actionable ideas to help you grow your business. And remember, the challenge is yours to capitalize on what the future offers.

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