

Success Story



Partnership Works for Father/Son Team

Dan and Bob Binn
Private Portfolios, Inc.
San Mateo, California

Bob and **Dan Binn** of **Private Portfolios, Inc.** are not only father and son; they are business partners, too. After 11 years, they have become one working example of how family can function in business together, but they will be the first to say it wasn't always easy and it isn't meant for everyone.

"People always ask me how they can get their kids onboard with them," Bob said. "I always tell them the same thing, 'You don't get your son into the business. It just has to happen on its own.'"

Bob is celebrating 45 years in the financial service industry, and his son Dan just hit his 15th year. Bob always hoped one of his three sons would join the financial services industry, but he never counted on it as an option. Dan, who worked in advertising sales while at University of California, Los Angeles, didn't know if financial services would be for him. It wasn't until after he earned his Series 7 to have as a resume booster that he fell into financial services, taking a position as a sales associate with Wells Fargo Securities.

"I wanted him to come to my firm wanting to be here," Bob said. "I told him if he ever wanted to work for me, he would have to work somewhere else first. That way, someone else could fire him if he didn't do a good job."

Dan eventually joined his father's firm after working for four years, first at Wells Fargo Securities followed by Sanwa Bank Wealth Management. After realizing he wanted to stay in the business, they began their dialogue about a partnership a year prior to the move. Dan relocated to Northern California in the summer of 2000 with his then fiancée, taking a hefty pay cut. Adding to his difficulty was that the timing of his move fell right in the middle of the Tech Wreck and recession in 2001-2002.

"It was a real struggle for me at first," Dan said. "Going from a bank environment where you have referrals from different divisions to

having no clients at all was difficult. I naively thought my dad would ask me to take the lead with more of his clients. Instead I had to build my own book of business starting with the clients I brought with me. My dad did do a lot of mentoring, and he helped me out with a base salary those first couple years that I paid back over the next couple of years."

Bob said when Dan started in 2000, he had immediate credibility with the staff and clients because of his previous four years in the industry.

"He wasn't just the kid with the boss's last name," Bob said. "He already had the background and experience, and that is what made him successful early on."

Bob said he knew if Dan could survive through the rough times that plagued the start of the new millennium, he could make it at any time.

"In 1998, before Dan joined, we wanted to make a statement to our clients that we weren't going anywhere," Bob said. "We wanted to let them know we were here for the long term, so we bought the building we are in now to demonstrate to our clients that we were gearing up the next generation, and to give our clients what they need for planning for their future and their children's futures. Then Dan joined us in 2000, further adding to the long-term stability of our practice. It may be intangible, but you can measure it in client loyalty."

Having family members as business partners does have its ups and downs, though for Bob and Dan, it is mostly positives.

"The real benefit of a family business is if you are close, you can help support each other during the rough times," Dan said. "When the recession and bank crisis hit in 2008, everything was a real

Continued...

Success Story

Binns continued

mess, and we had to tighten our belts like everyone else and try and ride it out. It was a good time to have a partner so we weren't alone in this battle, and that was the same thing we told our clients, too."

Today, Bob and Dan each have their own clients and their own books of business. They work separate schedules, and they have separate meetings. However they often work with each other's clients when one of them is unavailable.

"We know other financial advisor partners who have their client meetings together, but we don't do that," Dan said. "It's not as effective for us to both spend our time in one meeting. Instead we hold separate meetings but will be introduced at least once to each other's clients, and we both have enough familiarity with each other's clients that we can cover 90 percent of their issues. It also makes our clients feel more comfortable when we take vacations."

Before Dan decided to join the firm, Bob did not have a succession plan in place. He had contemplated an offer from a bank to buy his practice, and he had interviewed someone once about a merger, but these were all informal conversations for potential partnerships.

"Partnerships are really like a marriage," Bob said. "You have to be compatible on multiple levels. It worked out really well to have Dan join, so we didn't have to worry about trust or integrity issues."

Even after Dan joined the practice, the succession plan wasn't officially put into writing until the Binns worked with Securities America's Practice Management Department and FP Transitions.

"We were helped along that path by Securities America's Practice Management Department, who really showed us that you have to

have it clearly laid out in writing," Dan said. "If you are married or have kids, how can you not have something in place? This is a huge asset, and it can go away overnight. Every advisor needs to have a succession plan in place."

Bob said he sometimes can't believe he waited so long to have something on paper.

"We always stress to our clients the importance of a continuity plan, so it should have been natural to have one ourselves, too," Bob said. "It was a very important experience to go through creating the whole plan with Practice Management."

Dan said many of his successful business practices are echoes of what he has learned from Bob over the years. But the two advisors are as different as they are the same, and they say they learn from each other all the time. Bob was very unselfish with his time helping Dan get acclimated in the beginning. He always called Dan "his investment." From day one, they always had what they called "green light sessions" when they had meetings with each other or went to lunch.

"Neither of us would hold back," Dan said. "If there was a problem, we would verbalize it immediately. There is basically nothing we won't tell each other. That is the only way work stress doesn't become personal or family stress. I think our friendship has grown so strong because we confide in each other."

Bob and Dan said they are always willing to talk to other Securities America advisors who are thinking about bringing their son or daughter into their practice, but they warn it will not be a "how to" conversation. Their best advice about how family members can be successful together: "Try not to talk about family when you are at work, and try not to talk about work when you're with the family."

