

**Forbes Best-In-State Wealth Advisors  
Methodology**

# Forbes



**Program Summary and Research Methodology**

(Created February 2018)

All Information Sourced from Forbes 2018 Best-In-State Wealth Advisors Methodology Web Page

If someone asked you to recommend an advisor, what would be your criteria?

"This is how we think about our research process every day," says R.J. Shook, president of SHOOK Research. "If we're going to recommend advisors to the public, we have to make sure every advisor is high quality. When we meet with an advisor in person or on the telephone we are thinking to ourselves 'is this someone we would recommend to a friend or family member?'"

## Why This List Was Created

"Our Top Advisor and Top Women Advisor rankings are published annually, but they don't tell the whole story," R.J. continues, "most of the advisors are concentrated around the bigger markets such as New York and San Francisco. We've uncovered great advisors in *all* markets—South Carolina, Oklahoma, and other states with smaller concentrations of wealth."

"It is our belief clients are oftentimes better served by *local* representation. For example, a Houston-based investor who made her fortune in oil may prefer a local advisor with experience in that sector; a tech entrepreneur may want an advisor well-versed in start-ups and funding; or a farmer seeking an advisor with expertise in the futures markets. Many of the clients we talk to say they consider their advisors and teams like a part of their families, so it's nice to have them close by."

The *Forbes* ranking of Best-In-State Wealth Advisors, developed by SHOOK Research, is based on an algorithm of qualitative criteria, mostly gained through telephone and in-person due diligence interviews, and quantitative data. Those advisors that are considered have a minimum of seven years' experience, and the algorithm weights factors like revenue trends, assets under management, compliance records, industry experience and those that encompass best practices in their practices and approach to working with clients. Portfolio performance is not a criterion due to varying client objectives and lack of audited data. Neither Forbes or SHOOK receive a fee in exchange for rankings.

## Research Summary (as of February 2018)

We don't want 300,000 nominations so we set thresholds to minimize the quantity we receive:

21,138 nominations received, based on thresholds.

5,089 invited to complete online survey.

5,264 telephone interviews.

1,157 in-person interviews at Advisors' location.

## The Research Process

SHOOK scours the financial services industry—banks, brokerages, custodians, insurance companies, clearing houses and others for nominations. SHOOK accepts advisors who meet pre-determined minimum thresholds and acceptable compliance records. As of this date, SHOOK has received over 21,000 nominations—advisors who meet SHOOK's thresholds. SHOOK invited 5,089 of these nominees to complete an online survey.

Unlike other advisor rankings, SHOOK is not a "robo-ranker"—numbers such as production and assets don't tell the whole story, especially when much of the data is self-reported. SHOOK Research creates rankings of role models—advisors that are leading the way in offering best practices and providing a high-quality experience for clients. A focus on both quantitative and qualitative factors, including telephone and in-person meetings, is imperative.

SHOOK Research is the only rating firm that interviews advisors via telephone and in person at advisor's location.

## Basic Requirements

- 7 years as an advisor.
- Minimum 1 year at current firm, with exceptions (acquisitions, etc.).
- Advisor must be recommended, and nominated, by Firm.
- Completion of online survey.
- Over 50% of revenue/production must be with individuals.
- Acceptable compliance record.

## Quantitative

- Revenue/production; weightings assigned for each.
- Assets under management—and quality of those assets—both custodied and a scrutinized look at assets held away. (Although individual numbers are used for ranking purposes, we publish the entire team's assets.)
- Client-related data, such as retention.
- Portfolio performance is not a factor; audited returns among advisors are rare, and differing client objectives provide varying returns.

## Qualitative

- Telephone and in-person meetings with advisors (if an in-person meeting cannot be accomplished, exceptions are considered in which the interview will occur after a ranking has been published).
- Advisors that exhibit "best practices" within their practices and approach to working with clients.
- Compliance records & u4s. Some “dings” can be overlooked (e.g., firm or product failure beyond the scope of an advisor's due diligence; the older a ding, the less we look). Since there are many gray areas, the SHOOK team is willing to listen to a Firm that is willing to stand behind the advisor with written support from leadership.
- Advisors that provide a full client experience:
  - Service model
  - Investing process
  - Fee structure (higher % of fee-based assets earns more points)
  - Breadth of services, including extensive use of Firm’s platform and resources (eg, liabilities)
- Credentials (years of service can serve as proxy)
- Use of team & team dynamics
- Community involvement
- Discussions with management, peers, competing peers
- Telephone and in-person meetings

## U4/Compliance Issues

The following conditions will be considered to lessen weightings infractions

- Infractions that are denied or closed with no action.
- Complaint arose from a product, service or advice initiated by a previous advisor or another member or former member of team.
- Length of time since complaint.
- Complaints related to product failure not related to investment advice (some limited partnerships, adjusted-rate securities, etc.).
- Complaints that have been settled (must be proven) to appease a client who remained with the advisor for at least one year following settlement date.
- Complaints that are proven to be meritless.
- Actions taken because of administrative error or failure by firm.

Once an advisor's compliance rating falls into a tenable category, the following conditions must be met.

1. An advisor's rating must be among SHOOK's highest qualitative measures including in-person interview.
2. Letters of recommendation from firm.

## Ranking Algorithm

The algorithm is designed to fairly compare the business practices of a large group of advisors based on quantitative and qualitative elements. Data are weighted to ensure priorities are given to dynamics such as preferred “best practices”, business models, recent business activity, etc. Each variable is graded and represents a certain value for each measured component. These data are fed into an algorithm that measures thousands of advisors against each other.

## SHOOK Disclosures

SHOOK is completely independent and objective and does not receive compensation from the advisors, Firms, the media, or any other source in exchange for placement on a ranking. SHOOK is funded through conferences, publications and research partners. Since every investor has unique needs, investors must carefully choose the right Advisor for their own situation and perform their own due diligence. SHOOK’s research and rankings provide opinions for how to choose the right Financial Advisor. Portfolio performance is not a criterion due to varying client objectives and lack of audited data. Remember, past performance is not an indication of future results.