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Edward Jones to Expand Advisor Team Strategy

Advisor consultants Mark Elzweig and Andy Tasnady cheered the move.

By Jeff Berman | June 13, 2022

Edward Jones is looking to significantly expand its focus on teams, the company announced (<https://www.edwardjones.com/us-en/why-edward-jones/news-media/press-releases/multi-financial-advisor-office-pilot>) Monday. By the end of 2023, it aims to give all its financial advisors the option to share a branch office with another advisor.

The move is “designed to offer more flexibility and choice” to its nearly 19,000 advisors who manage \$1.7 trillion in client assets and their branch support members, the firm said in a news release. The “teaming options provide both new and familiar industry-leading ways branch teams can help individual investors achieve financially what is most important to them.”

Edward Jones has already started piloting a multi-financial-advisor model in select markets, with between three and six advisors sharing office space.

The firm is also testing teaming models for advisors who want to work on a team with shared leadership, Edward Jones said.

“In recent years, as we recognized our clients’ needs and expectations were changing we started testing new models,” according to Kelly Crisp, principal and strategy development leader of Client Team Evolution & Design at Edward Jones. “We have multi-advisor offices in more than 20 markets, two-advisor offices in many more, and we continue to add different options where the clients and the markets demand.”

“Many of our multi-FA offices are testing new support roles, and we have similar roles being tested in traditional single advisor offices as well,” she told ThinkAdvisor. “The key is to provide choice and flexibility in how a practice is structured, and often, different advisors have different needs and visions to cater to for the best experience.”

Edward Jones clients in the test markets have been saying “they really appreciate the opportunity to engage with a larger group of people to support them in their financial advisor’s office, and financial advisors are enjoying the culture of collaborating around unique client needs,” she added. “The feedback has been very positive, and there is a lot of excitement around the future from both clients and financial advisors.”

Positive Reactions

Financial industry consultants polled by ThinkAdvisor gave a thumbs up to the firm’s team strategy.

“I think it’s a good idea because teams for many clients and advisors and firms are a superior service model,” compensation consultant Andy Tasnady, managing partner of Tasnady Associates, told ThinkAdvisor in a phone interview.

"You have better coverage for clients in terms of getting a hold of an advisor or seeing one," he said. If an advisor "goes on vacation or is ill, there are backups. You can also split up the work. It's just more efficient, and that's why more firms and more advisors have been migrating [to] the service approach (<https://www.thinkadvisor.com/sites/thinkadvisor/2021/02/03/schwab-execs-outline-services-challenges-plans-for-improvement/>)."

It also sounds like advisors who opt to become part of a team will benefit from "lower costs — a more efficient cost structure for their offices," Tasnady added, thanks to the shared office space and support personnel, which can lead to stronger profitability and larger annual bonuses based on the increased profits.

"This is a smart move for Edward Jones," agreed executive search consultant Mark Elzweig, president of Mark Elzweig Co.

It "gives their financial advisors more options in setting up their practices [and] also recognizes that in a world of increasing financial complexity, teams comprised of members with different specialties can often service their clients better," Elzweig told ThinkAdvisor by email.

"Teams with multi-generational advisors have built-in succession plans (<https://www.thinkadvisor.com/sites/thinkadvisor/2017/05/16/continuity-planning-the-missing-link-in-most-succession-plans/>) from older to younger members," Elzweig noted, adding that "across the advisory world, successful teams grow faster and produce more than solo practitioners."

Although consultant Timothy Welsh, president, CEO and founder of Nexus Strategy, agreed that the Edward Jones move made sense, he tempered the news by adding, "This seems very typical for them to adopt new practice management and technology methods about 30 years after the rest of the industry."

Teams became a major trend all the way back in the mid-1990s. "Almost all advisors at Merrill are in teams," Welsh noted. "But it does make sense for Jones as they pioneered the one-person office in tiny Midwestern towns that the rest of the wirehouses have ignored."

Welsh predicted it will be "quite a challenge to see if these tiny burbs can support revenues for two or more advisors."

Edward Jones is also "reacting to advisor demographics that show much of their advisor force is getting close to retirement and they need to get younger advisors matched up to facilitate the transition," according to Welsh.

"Making a big deal out of a practice that has been widespread for decades is not innovative, yet is a hallmark of a legacy culture they are trying to change," he added.

Other Teaming Models May Follow

"As the need for comprehensive financial advice and wealth management increases, teaming enables our branch teams to stay competitive and deliver on the complex needs of our clients and investors more effectively," according to Ken Cella, principal, branch development at Edward Jones.

"Some of the benefits our financial advisors have experienced include increased capacity and enhanced client support," he said in a statement.

"These, in turn, can help elevate the client experience and the ability to plan for succession," he added. "The teams involved have access to additional support and learning opportunities within their larger branch team. Teaming allows our financial advisors to continue an intimate understanding of our clients' lives across health, family, purpose, and finance."

As Edward Jones completes its test-and-learn pilot programs, the company “could offer other teaming models in the future involving a lead financial advisor, junior advisor and specialists for tax, trust, product, or other client needs,” Cella disclosed.

“For us, this is all about listening to our financial advisors and offering them greater flexibility and choice in how they serve their clients on our journey toward human-centered complete wealth management,” he added.

Many Advisors to Remain Solo

Despite the advantages of being part of a team, many of the firm’s advisors are expected to remain on their own.

Edward Jones’ traditional model, which includes one advisor and branch office administrator per office, has “served the firm well for the last 100 years,” the company said.

“Many financial advisors and their branch support members prefer and will remain in this model,” the firm predicted. That said, the company is also considering a model that would expand the role of branch support professionals.

In two-financial-advisor and multi-financial-advisor models, Edward Jones advisors who choose to co-locate their branches with another advisor will continue to maintain independent client relationships, financial, performance and regulatory processes, according to the firm.

Similarly, clients will continue to partner with one advisor, allowing that advisor to “maintain and develop deep, trusted, long-lasting relationships with each of their clients,” Edward Jones said.

(Pictured: Ken Cella, principal, branch development at Edward Jones)