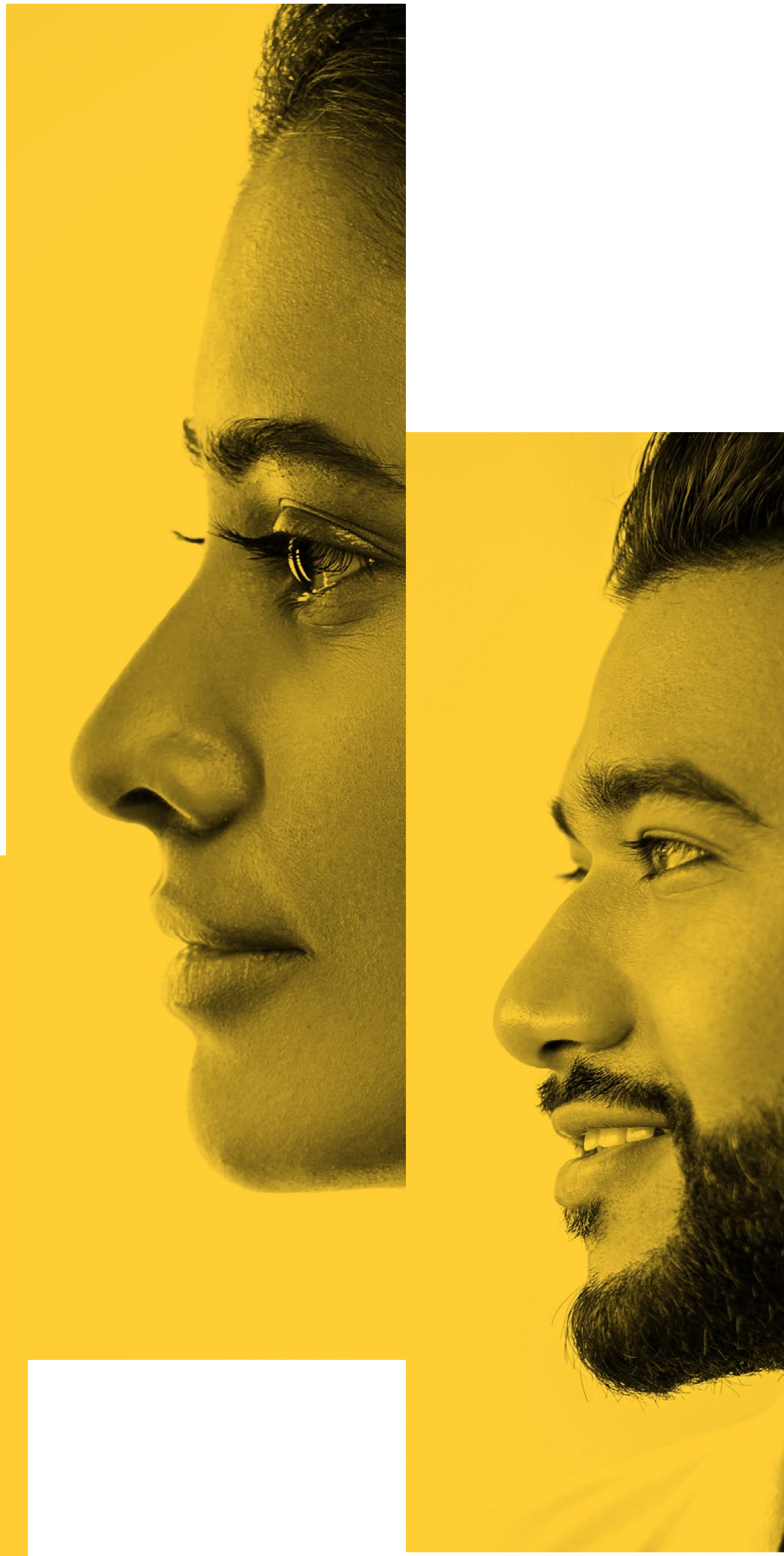
CREATING A DEI-DRIVEN CULTURE OF RETENTION IN FINANCIAL PLANNING: LESSONS LEARNED FROM INDUSTRY LEADERS



CFP BOARD

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INTRODUCTORY **LETTER**

CFP Board Center for Financial Planning hosted its inaugural Diversity Summit in 2018, bringing together leaders from financial services firms, academic institutions and think tanks for a meaningful discussion about how we can advance diversity, equity and inclusion (DEI) in the financial planner workforce. Since then, the annual Summit has become a catalyst for the kind of systemic change we need to grow the ranks of women and racially and ethnically diverse individuals in our profession. Firms and financial planning professionals who are committed to making our profession more inclusive come to the Summit in search of actionable solutions — proven initiatives, best practices and other tools they can use to transform their workplaces and their own behaviors.

This thought leadership paper — the Center's fifth on diversity — seeks to add to that conversation and our collective DEI toolbox by exploring research-based retention strategies that can support a more diverse profession. CFP Board has made important progress in *attracting* new talent from every background: Nearly 30% of advisors who earned their CFP® certification in 2022 were women and 15% were racially or ethnically diverse. Those percentages mark all-time highs for both categories. But while we continue to recruit more diverse candidates, we must also be able to sustain this increased diversity long term.

The retention strategies and best practices presented in this paper have been compiled from independent research, a review of existing literature on the subject, and case studies provided by leading financial services firms. These case studies offer specific examples of how firms have successfully strengthened retention, but they are by no means prescriptive. There are many other programs and initiatives that firms can undertake to address this issue.

We are grateful to the firms that share their experiences in this paper — Abacus Wealth Partners, Edward Jones and Charles Schwab. We also thank the members of the Center's Diversity Advisory Group and CFP Board Head of Research Michael Kothakota, Ph.D., CFP® for their input on the paper's focus and content.

CFP Board is committed to continuing our leadership role in advancing DEI in the financial planning profession. We invite all who are invested in the future of financial planning — including our CFP® professionals, our education partners, firms that employ CFP® professionals, and other organizations and associations — to join us in our continuing effort to attract and retain more diverse CFP® professionals.

KEVIN R. KELLER, CAE
Chief Executive Officer

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EXECUTIVE **SUMMARY**

The workforce challenges facing the financial planning profession have been extensively documented by a significant body of research as well as by the firms, practitioners, and stakeholders that make up the profession. Consumer demand for competent, ethical financial planning has never been higher. Yet today's advisors are retiring faster than they can be replaced by new talent — and they do not demographically represent the clients they currently serve or the increasingly diverse clients they can expect to serve in the future.

The profession has made meaningful inroads into attracting younger, more diverse financial planners through programs ranging from student outreach and scholarships to community engagement, career resource development and profession-wide summits. While it is essential that firms continue to seek diverse, qualified talent, it is equally important for them to implement strong retention strategies that will sustain the profession's growing diversity in the long term. This is particularly true in the post-pandemic era, as employees seek closer alignment between their values and those of a prospective employer, in addition to greater flexibility, compensation and employer-provided benefits.

Because firms and people are unique, there is no one-size-fits-all solution to the profession's retention challenges. There are, however, core best practices and initiatives that companies can undertake to evaluate and refine their retention strategies and eventually foster a culture of retention.

CORE BEST PRACTICES AND INITIATIVES TO FOSTER A CULTURE OF RETENTION

- ☑ VISION ARTICULATION
- ☑ EQUITABLE HIRING
- ☑ LEADERSHIP DEVELOPMENT
- ☑ CAREER PATHS AND SUCCESSION PLANNING
- ☑ PROFESSIONAL DEVELOPMENT
- ☑ MEASUREMENT AND ACCOUNTABILITY

Vision Articulation

Senior leaders must define and explain the why behind organizational efforts to create a culture of retention, including how it aligns with the firm's values and what they hope to achieve. They must assess the firm's existing culture to determine where it stands in relation to the desired future state. Senior leaders should also develop an equity lens (a process for determining the impact of a given policy on people from underrepresented groups) that they can use to analyze policies, programs, and accountability structures to help eliminate barriers and other potential inequities across the company.

Equitable Hiring

Every step of a firm's recruitment process — from writing job descriptions to onboarding new hires — should be developed or reimagined using an equity lens. Crafting clear and detailed job postings and expanding recruiting networks helps firms to source more diverse candidates. Creating deliberate interview processes that involve diverse panels of interviewers and consistent, skills-based rubrics for evaluating candidates can result in greater diversity among new hires. All of these actions support a culture of retention.

Leadership Development

An employee's relationship with their manager is critical to their decision to stay with or leave a company. To cultivate positive relationships, firms must ensure that management staff are equipped with inclusive leadership skills and cultural competencies that enable them to build trust with their team members and foster employees' psychological safety.

Career Paths and Succession Planning

Clearly defined career paths that provide equitable opportunities for advancement enable employees to envision their future with a company and understand how they may grow within a firm. Clear career paths also support a firm's succession planning and development of future, diverse leadership.

Professional Development

Every step along a financial planner's career path should include relevant and appropriate opportunities to develop new knowledge and skill sets. In addition to more traditional training, fellowship, mentorship and sponsorship programs can increase retention by providing robust support systems and more personalized guidance for employees.

Measurement and Accountability

Tracking and analysis of a robust set of retention-focused metrics enable firms to determine where and how they are making progress toward their diversity and retention goals, and where there are opportunities for improvement. To help effect true change, measurement must be coupled with a strong accountability system — ideally, one that ties equity goals to bonus and promotion decisions.

This paper provides a detailed look at these practices in the context of financial planning firms, including how to scale practices to fit different organizational sizes and needs. References to a "small" firm denote those ranging in size from one employee up to 100, "mid-sized" refers to those with 101 to 500 employees, and "large" describes firms with over 500 employees.

SETTING THE STAGE: WHAT LED TO THIS MOMENT

Discrepancies between firms' hiring successes and their retention rates are not new. As evidenced by news reports and corporate announcements, companies have increasingly pushed to attract candidates of varied backgrounds, setting new goals for demographic representation and building new partnerships that expand their recruiting networks. Yet many firms have also struggled to retain and advance these diverse recruits for a variety of reasons, including unwelcoming cultures where bias and microaggressions are experienced to a lack of mentorship, sponsorship and professional development opportunities to help these individuals grow.

In some ways, the COVID-19 pandemic exacerbated these challenges. More women left the workforce in the pandemic's early days due to the shift to virtual schooling and the widespread lack of affordable and available childcare. There was also a distinct intersectional impact; women of color who were already bearing the burdens of unequal pay, discrimination and maintaining single-parent households found their career opportunities severely limited.[1]

At the same time, the overwhelming transition to remote work presented an opportunity for employees to reimagine their professional futures. More than 40 million workers quit their jobs during the great resignation of 2020 and 2021, in search of new positions that provided greater work-life balance and better pay and benefits. This in turn created a worker shortage that gave employees significant leverage in hiring discussions.

As much as these phenomena were about the pursuit of increased flexibility and compensation, they were also about employees' values. Research by Deloitte found that for many employees, work is no longer simply a means to an end; they desire work that is meaningful and fulfilling, and that contributes to something bigger than themselves.[2] Many people who left their jobs during the pandemic did so because their work did not align with their values, or they did not feel supported and valued by their employers.

Meanwhile, employers also faced increased scrutiny of their workforce demographics and workplace cultures amid a national racial reckoning. Companies across the United States and throughout the financial advice ecosystem made fresh commitments to hire a more diverse workforce and pledged financial resources to communities of color to help close the wealth gap.[3] These companies have been pushed to re-examine their human resources (HR) practices and shift to new structures that improve and center employees' experiences.

1. https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/the-organization-blog/why-women-of-color-are-leaving-and-how-to-rethink-your-dei-strategy; https://leanin.org/black-women-racism-discrimination-at-work

2. https://www2.deloitte.com/us/en/blog/human-capital-blog/2021/the-value-of-meaningful-work-to-workers.html

3. https://www.jpmorganchase.com/impact/racialequity

Helping people achieve financial and life goals was the top motivation for

88%

of respondents to continue their financial planning career.[5]

In this environment, financial planning firms and the broader profession have made important progress toward *recruiting* a more diverse workforce. For example, CFP Board welcomed its most diverse class of new CFP® professionals in 2022. Nearly 30% of those new CFP® professionals were women, and about 15% were from racially or ethnically diverse backgrounds.[4]

Some of this recruitment success may be connected to job seekers' increased focus on finding meaningful work. Financial planning is a profession built on helping others thrive, providing many opportunities for an individual to align their work with their values. Indeed, research commissioned by CFP Board Center for Financial Planning in 2018 suggests the financial planning profession is well-positioned to appeal to such workers: Nearly 80% of surveyed CFP® professionals strongly agreed that one of the main reasons they entered the profession was to help people deal with financial challenges. Helping people achieve financial and life goals was also the top motivation for 88% of respondents to continue their financial planning career.[5]

There is also a growing understanding among firms that they must find new ways to *keep* and *develop* these diverse professionals once they've been onboarded. While it can be argued that there is a social and moral imperative to do so, there is also a clear business case for firms: Turnover negatively affects performance and morale, and, in short, is costly.

While many organizations think about hiring more diverse candidates first, the sustainability of a diverse financial planning workforce is anchored in retention. The following sections will discuss in detail factors that contribute to retention, including firm culture, role clarity, career paths, promotion criteria, employee-supervisor relationships, and employee growth and development opportunities.

THE SUSTAINABILITY OF A DIVERSE FINANCIAL PLANNING WORKFORCE IS ANCHORED IN RETENTION

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4. https://www.cfp.net/news/2023/01/cfp-board-exceeds-95000-cfp-professionals

5. https://www.cfp.net/-/media/files/cfp-board/knowledge/reports-and-research/racial-diversity-in-financial-planning/racial-diversity-in-financial-planning.pdf?la=en&hash=AF448519B74AFB8ED7C74FB4B511E36F

SECTION 1: **RETENTION CULTURE BEGINS WITH FIRM LEADERS**

Much of the existing literature on retention strategies mistakenly assigns the responsibility for developing and implementing these practices to talent acquisition professionals, HR departments, or an organization's designated diversity, equity and inclusion (DEI) entity. In fact, the responsibility for creating a culture of intentional retention should begin with a company's senior and executive leaders, regardless of the organization's size.

Leaders with positional power must take ownership of their company's culture, modeling the behaviors they expect to see in the workplace and actively engaging employees in fostering retention. These leaders have the ability and authority to set and enforce policies that influence firm culture, to provide support for employees of all backgrounds, and to encourage a sense of belonging within the organization.

Articulating the Firm's Retention Vision

A key responsibility for firm leaders is to develop a rationale for why the organization seeks to create a culture of retention and a vision for what they ultimately hope to achieve. This exercise supports the development of specific goals, tactics and metrics that drive toward that vision, and equips them with clear messages to gain employee buy-in. The why should include the firm's employee life-cycle philosophy — that is, what kind of employer the firm wants to be. Is it a training ground that equips junior planners with the skills they need to start their own firms? Or does it cultivate long-term employees who grow with the firm, advancing into associate planner and partner roles?

The why must also identify how retention strategies align with the firm's overall mission, vision and values, as well as its public-facing brand. It should provide an explanation of how increased and sustained diversity benefits the business as well — from bringing in new perspectives or new clients to improving client relationships in ways that will grow the company.

Setting Retention Goals

Equipped with a clearly defined vision, leaders must consider the steps required to move the firm toward that desired future state and set measurable goals. This requires firm leaders to assess where the company currently stands. Part of this assessment involves a review of organizational metrics, including overall workforce demographics and the racial, ethnic and gender breakdowns within teams and at various levels of the firm. Such an analysis allows a firm to identify key opportunities for improvement and develop retention goals based on those findings. The analysis could reveal, for example, that women are better represented among junior planners but less represented among associate planners. Firm leaders might then set a goal of decreasing the gap in female representation.

Assessing the Internal Landscape

A firm's internal assessment should also include an equity scan, in which company policies, processes and practices are analyzed to determine whether they are written and/or implemented in potentially discriminatory ways (e.g., is parental leave available to only female employees?). Findings from this and the firm's internal demographic review will provide leaders with insights into which policy changes may have the most positive impact on employee retention.

Developing an Equity Lens

Another critical element of retention strategy is leadership's development of an internal equity lens. An equity lens is a process that company leaders use to analyze proposed policies, programs, and accountability measures. It helps firms evaluate which voices may be missing from the decision-making process, identify opportunities to eliminate barriers and improve outcomes for everyone within the company, and encourage leaders how to ask tough questions and hold themselves accountable. (See Resources on page 39 for a sample equity lens from Harvard University's School of Public Health.)

The process a firm develops depends on the size of the company as well as the scope and budget of its internal programs. Important questions to consider include the following:

- **Q** | **What is the decision to be made, and who will be most impacted?**
- **Q** | **Will the people impacted by the decision be meaningfully informed and engaged in the discussion?**
- **Q** | **Who is responsible for making changes to ensure inclusion?**
- **Q** | **How does the firm hold individuals and the organization accountable for changing practices?**
- **Q** | **Is the firm collecting and leveraging data, both qualitative and quantitative, to inform its decision?**

Once a company has developed an equity lens, leaders should use it to assess every step of an employee's journey — from job application to retirement.

SECTION 2:
LAYING A FOUNDATION FOR RETENTION WITH EQUITABLE HIRING[6]

Intentionally equitable recruitment practices are essential to firms' achievement of their retention goals.

From crafting objective job descriptions to onboarding new team members, each step of a firm's hiring process should be developed using its equity lens to ensure that it:

- Actively seeks to mitigate biases
- Clearly defines the roles, responsibilities and expectations of each open position
- Articulates anticipated career pathways

Developing Bias-Free Job Descriptions

The first step of intentional recruitment is to create clear and detailed job descriptions that objectively identify the needs of an open position. Doing so helps to encourage a higher quality of applicants, because candidates will have better information with which to self-assess their suitability and firms will have carefully considered the skills and characteristics they really need. It also helps to remove bias from the hiring process: Vague job descriptions leave more room for subjective interpretation of candidates' qualifications.

Sourcing Candidates

Firms will not succeed in attracting new and diverse talent if they consistently rely on the same network to source candidates for open positions. They must work to expand their networks and build new, long-term relationships with partners such as CFP Board Registered Programs at U.S. colleges and universities.

6. https://www.marketplace.org/2020/07/17/diversity-recruitment-retention-workplace-discrimination/

Asking the following key questions will help you evaluate current and prospective talent networks:

Q **What type of diverse candidates are you looking for and why? Understanding who a firm wants to reach will provide insights about where the firm may need to increase its network.**

Q **Are you tracking the demographics of your candidate pool? If so, what do they tell you about the audiences your recruitment efforts are or are not reaching?**

Q **Are you networked with organizations that serve and work with under-represented communities and may be able to connect you with candidates?**

Q **How often have you engaged with those networks, both professionally and personally?**

Q **What groups or other partners are one or two steps removed from your current network?**

Q **Are you visiting or conducting outreach to Historically Black Colleges and Universities (HBCUs) and Hispanic Serving Institutions (HSIs)? (See Resources on page 39 for a list of HBCUs and HSIs.)**

Q **Are you working with diverse recruiters?**

Q **Are you engaging with diverse students at majority-serving institutions as well?**

Refining the Interview Process

As the organization narrows down candidates, it is important to minimize the impact of bias at every point in the process. Numerous studies support the idea that creating a diverse interview panel — with participants representing different gender, race and ethnic groups, as well as varied positions within a company — reduces subjective interpretation of a candidate's answers and qualifications. Each person involved in the interview process should also have a consistent set of questions for candidates and be given a firm-crafted rubric based on the job description and desired qualifications.[7] When developing this rubric, firms should consider the equal or unequal weighting of questions and categories because that can have a tremendous impact on who advances into the next round and what competencies are valued higher than others. Panelists should score each candidate separately and should agree in advance not to discuss their perspectives on candidates until all interviews have been completed.

Selecting Candidates

During the candidate selection process, a firm reduces an initial candidate pool to a final candidate pool and then to a single hire (or a small number of hires). The broader and more diverse a firm's recruiting network, the more diverse its initial candidate pool and the more likely the firm will be to hire a member of an underrepresented group. Developing a diverse recruiting network, however, takes time. Firms that do not yet have a diverse recruiting network can still implement selection policies that increase the likelihood of hiring qualified candidates from underrepresented backgrounds.

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7. https://onlinelibrary.wiley.com/doi/pdf/10.1111/peps.12052?casa_token=KrmJuBNeXhoAAAAA:uV_VjvJPAWwtDnH5gzEp-KLJ-NiixTtecUvGFB79zKT35hE1lbPnBnfm1-bfNISZ30Gc73qm8ffi7w4

First, consider the size of the final candidate pool — a factor entirely under the firm's control. Smaller final pools (e.g., of two candidates) are much less likely to include members of underrepresented groups than larger final pools (e.g., of five candidates). A final candidate pool that does not include any members of underrepresented groups will not result in a diverse hire. According to research published by **Harvard Business Review**, a final pool that includes only *one* member of an underrepresented group is also unlikely to result in a diverse hire. In contrast, a final pool that includes *at least two* members of underrepresented groups corresponded to *79 to 194 times* greater likelihood of a diverse hire. A minor change in the final candidate pool size can produce major changes in a firm's selection of diverse candidates.

Second, consider how many hires are made at once — another factor largely within a firm's control. Generally, hiring decisions are made one by one for each position. **Cluster hiring**, in contrast, reframes hiring decisions so that many positions are filled at the same time. In the financial planning context, a firm might engage in cluster hiring to bring in 12 new junior planners at once rather than hiring a new planner each month. Among the benefits of cluster hiring is its tendency to lead to more diverse hires (e.g., in academia).[8]

A final pool that includes at least two members of underrepresented groups corresponded to

79

TO

194

TIMES GREATER LIKELIHOOD OF A DIVERSE HIRE

8. https://ilpqc.org/ILPQC%202020+/Birth%20Equity/The%20Case%20for%20Cluster%20Hiring%20to%20Diversify%20Your%20Faculty.pdf

Onboarding

Whether an employee is successful and enjoys a long tenure with a company is heavily affected by the first few months of their employment.[9] Accordingly, firms should develop a robust onboarding process for the employee's first 3-4 months on the job, with priority assigned to the most urgent matters. In the financial planning context, senior planners may prioritize introducing new hires to existing clients and mentoring new hires on the firm's unique approaches to planning and client engagement.

ONBOARDING TIMELINE

UPON HIRING:	FIRST 2-3 WEEKS:	MONTH 3:	MONTH 4:
• Provide the new hire with essential reading materials, such as strategic plans, decision-making structures and policy documents • Identify any urgent issues, meetings or events in the employee's first 2-3 months • Introduce them to team members • Schedule periodic check-ins to review performance and onboarding	• Hold an initial meeting between the employee and their direct manager • Discuss the company's history, values and culture • Review HR and finance policies and processes	• Conduct a preliminary performance review, including a discussion of accomplishments to date and goals for the next 30 days • Review the employee's job description to ensure alignment with assignments/ responsibilities and to identify necessary changes	• Conduct a secondary review of the employee's goal achievement/ setting, opportunities for improvement, and areas beyond their job description where they would like to contribute • Conduct an analysis of the onboarding process

9. https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/onboarding-key-retaining-engaging-talent.aspx

SECTION 3: **DEVELOPING INCLUSIVE MANAGERS**

The truism that "people don't quit their job, they quit their boss" is supported by research: 57% of unhappy employees say they left their last job because of their boss.[10] Firms that want to improve retention must ensure that managers are building successful working relationships with their employees. Such relationships are based on trust and employees' sense of psychological safety (i.e., that they are comfortable being and expressing themselves in the workplace). The more diverse a firm's workforce is, the more complicated and potentially difficult it may be to establish this foundation.

To overcome these obstacles, managers and supervisors must be equipped to foster respect, trust and inclusivity in addition to modeling openness and acknowledging that they sometimes make mistakes.[11]

Trust and Psychological Safety

Trust and psychological safety lead to innovation, creativity and improved performance and learning in the workplace. This is especially true for women, people of color and people who identify with multiple underrepresented groups (e.g., a queer Indigenous woman with a physical disability). Trust and psychological safety must be continuously cultivated: It may take months or even years to build them, but they can be broken quickly with one behavior, decision or action.[12]

Community mediator and business consultant Charles Feltman, author of "The Thin Book of Trust," defines trust as "choosing to risk making something you value vulnerable to another person's actions."[13] Feldman identifies four distinct components of trust in the workplace:

1

CARE

"We're in this together."

2

SINCERITY

"I mean what I say, say what I mean, and act accordingly."

3

RELIABILITY

"You can count on me to deliver what I promise!"

4

COMPETENCE

"I know I can do this. I need to learn to do that."[14]

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10. https://hbr.org/2018/01/why-people-really-quit-their-jobs; https://www.ddiworld.com/research/frontline-leader-project
11. https://scholar.harvard.edu/files/afriberg/files/leveraging_diversity_through_psychological_safety_hbs_article.pdf
12. https://www.nytimes.com/2021/03/15/us/workplace-psychological-safety.html
13. Charles Feltman, "Trust: Building, Maintaining, and Restoring It," October 4, 2021, in Dare to Lead podcast, produced by Brene Brown. https://brenebrown.com/podcast/trust-building-maintaining-and-restoring-it/
14. Ibid.

Managers can foster trust through behaviors that include “cooperating, collaborating, engaging in conversations, dialog and debate of ideas, listening, communicating freely, supporting others, sharing information, offering ideas, expecting the best and willingness to examine [your] own actions.”[15]

Psychological safety is cultivated in a climate in which people are comfortable expressing and being themselves. In the workplace, this means they feel comfortable sharing concerns and mistakes without fear of embarrassment or retribution.[16] As with trust-building, there are core skills and behaviors that managers can exhibit to foster employees’ psychological safety. Edmondson offers a high-level framework for these behaviors, outlined in Figure 1:[17]

FIGURE 1: EDMONSON’S FRAMEWORK FOR PSYCHOLOGICAL SAFETY

CATEGORY	SETTING THE STAGE	INVITING PARTICIPATION	RESPONDING PRODUCTIVELY
Leadership Tasks	**Frame the Work** • Set expectations about failure, uncertainty and interdependence to clarify the need for voice **Emphasize Purpose** • Identify what’s at stake, why it matters and for whom	**Demonstrate Situational Humility** • Acknowledge gaps **Practice Inquiry** • Ask good questions • Model intense listening **Set Up Structures and Processes** • Create forums for input • Provide guidelines for discussion	**Express Appreciation** • Listen • Acknowledge and thank **Destigmatize Failure** • Look forward • Offer help • Discuss, consider and brainstorm next steps **Sanction Clear Violations**
Accomplishes	*Shared expectations and meaning*	*Confidence that voice is welcome*	*Orientation toward continuous learning*

15. Ibid.
16. Edmondson, Amy C. The Fearless Organization: Creating Psychological Safety in the Workplace for Learning, Innovation and Growth. (John Wiley & Sons, Inc., 2018)
17. Ibid.

These behaviors alone may improve employee-supervisor relationships and boost retention, but they are most effective when paired with inclusive leadership competencies.

Inclusive Leadership Competencies

Inclusive leadership is the ability to manage a diverse group of employees in a manner that respects their varied backgrounds, experiences and perspectives, and allows them to feel valued for their contributions to the firm.[18] Managers who practice inclusive leadership have cultural intelligence — "an outsider's seemingly natural ability to interpret someone's unfamiliar and ambiguous gestures the way that a person's compatriots would."[19] They also have cultural competency — "the ability to act on understanding of specific cultural, language, social, and economic nuances" of individuals and families.

Firms may use varied models or emphasize different competencies of inclusive leadership, but the key traits of inclusive leaders identified by top business consultants generally align.

FIGURE 2: KEY TRAITS AND COMPETENCIES OF INCLUSIVE LEADERS[20]

TRAITS	COMPETENCIES
Authenticity	Builds Interpersonal Trust
Emotional Resilience	Integrates Diverse Perspectives
Self-Assurance	Develops Talent
Inquisitiveness	Applies an Adaptive Mindset
Flexibility	Achieves Transformation
Cultural Intelligence	
Collaboration	
Commitment	

18. https://resources.workable.com/what-is-inclusive-leadership
19. Early and Mosakowski. https://hbr.org/2004/10/cultural-intelligence
20. https://focus.kornferry.com/wp-content/uploads/2020/08/Head-and-Heart-Leaders.pdf; https://www2.deloitte.com/us/en/insights/topics/talent/six-signature-traits-of-inclusive-leadership.html

The key to creating a culturally competent company is to determine what key competencies each level of the organization should be responsible for and how to apply the company equity lens at various levels. This means thinking through what cultural competencies look like, from junior-level employees all the way up to the C-suite. An inclusion competency for a management-level position, for example, might include items such as “integrates diverse perspectives by properly assessing the stakeholders, incorporating their feedback and managing conflicts.” There should be an inherent expectation that as the employee advances through the internal ranks, they become more proficient in cultural competencies.

To develop these competencies within a company, a firm must first assess managers’ existing skill sets. Firms may collect this information from managers’ direct reports, manager peers and supporting staff via online surveys, focus groups and personal one-on-one interviews. This will allow the firm to identify each manager’s strengths and weaknesses, as well as the company’s overall strengths and opportunities for improvement.

With priority competencies defined and managers assessed, the firm must then dedicate resources to help all staff — from individual financial planners to senior executives — develop the desired traits and skill sets through trainings and other learning opportunities. Training content must also incorporate the business case for building cultural competencies and connect back to the firm’s core values.

Additionally, for financial planners, this training should include both the management of other financial planners (internal competencies) and interactions with clients (external competencies). Smaller firms that cannot provide extensive training programs may alternatively offer a sufficient professional development stipend for staff to receive third-party training (and potential certifications) on both technical competencies (i.e., advising, psychology of clients, new and emerging investments, certifications) and leadership competencies (i.e., cultural, inclusive leadership, equity analysis). There is also an ancillary benefit to cultural competencies training: Financial advisors will develop skills that will support the gathering, engagement and retention of racially diverse clients.[21] Once the learning journey is complete, companies should incorporate cultural competencies into job descriptions and performance evaluation criteria.

21. https://www.financialplanningassociation.org/article/journal/NOV16-becoming-culturally-intelligent-financial-planner; https://files.eric.ed.gov/fulltext/EJ1241093.pdf; http://www.professionalfincounselingjournal.org/cultural-competence-in-financial-counseling-and-coaching.html

SECTION 4: **GUIDING EMPLOYEE GROWTH WITH CLEAR CAREER PATHS**

Providing clearly defined career paths and criteria for promotions and pay raises is another critical component of retention-driven workplace cultures. Without transparency about how they can progress within a company and how advancement decisions are made, employees may assume they must look elsewhere for growth opportunities and higher compensation.

[***Financial Planning Career Paths: Building More Sustainable and Successful Businesses***](), published by CFP Board Center for Financial Planning, outlines best practices for firms to establish clear career paths. For each rung on the financial planner career ladder, the guide details the skills, experience and responsibilities necessary for success, in addition to providing a framework for compensation and organizational advancement. Firms that have not already done so should consider implementing such practices to support their development and retention of talented professionals.

3 FIRMS

share stories about the work they are doing to promote DEI. Their case studies are on the following pages.

CFP Board Center for Financial Planning has collaborated with firms to share information, learn best practices, and foster DEI cultures. For this report, the Center asked three firms to share their stories about the work they are doing to promote DEI. On the following pages, Abacus Wealth Partners shares its story about how the firm's team structure and career paths support the development and retention of diverse employees.

CASE STUDY 1

ABACUS WEALTH PARTNERS

SUPPORTING ZERO EXPERIENCE ENTRY AND INTRODUCTION TO THE FIELD OF WEALTH MANAGEMENT

Abacus Wealth Partners (Abacus) is leading the field as a progressive force in wealth management. The firm has worked to deeply consider the needs of its employees through an equity lens.

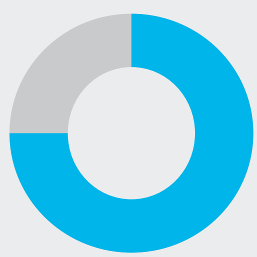
In 2014, Abacus launched its Associate Advisors Program, which was developed to provide an equal playing field for new advisors. Through the program, Abacus hires individuals with no prior experience in the field of finances and trains them to be Lead Advisors within two to three years. Since its inception, nine classes of advisors have progressed through the program, with 75%-80% of Associate Advisors moving on to Lead Advisor positions at the firm.

In developing the program, Abacus thought carefully about the structure of its internal teams and what could be improved to produce the best results. They worked with Herbers & Company to redevelop Angie Herbers' Diamond Teams® structure, which ultimately led to the creation of a unique diamond structure that supported Abacus' commitment to its Associate Advisor Program. This structure begins with the "Relationship Manager" at the bottom of the diamond; their primary focus is bringing in new business and building the Abacus brand. They service the team's highest revenue or most strategically important clients and dedicate the rest of their time to managing their team, with a strong focus on the development of Lead and Associate Advisors. The left and right points of the diamond are headed by a team of two Lead Advisors who work directly with clients to handle regular meetings and provide investment advice, financial planning, and other services. At the top of the diamond is the lone Associate Advisor, whose role is to attend client meetings and support Lead Advisors in their client relationships and work.

ABACUS LAUNCHED ITS ASSOCIATE ADVISORS PROGRAM IN 2014. SINCE THEN:

9

CLASSES OF ADVISORS HAVE PROGRESSED THROUGH THE PROGRAM



75%-80%

OF ASSOCIATE ADVISORS MOVED ON TO LEAD ADVISOR POSITIONS AT THE FIRM

The Associate Advisor Program has a duration of two and a half years, during which time associates learn extensively about financial planning. Abacus prides itself on creating a team structure that allows for the greatest level of participation from their Associate Advisors, situating them so they attend many client meetings with the Lead Advisors and Relationship Managers on their teams and observe how they manage client relationships. Associate Advisors are tasked with taking notes during the meetings, writing follow-up tasks for other advisors, preparing a recap letter for the client, scheduling future meetings, delegating Client Service work (but not necessarily doing the work), and updating Salesforce and internal systems with new client data. Additionally, every Associate Advisor goes through training in basic client service associate work to better understand the valuable work that full-time client service associates do.

Outside of client meetings, Associate Advisors also benefit from helping the Lead Advisors with analysis projects and drafting financial plans. Abacus provides Associate Advisors with this opportunity to both support their team and gain technical expertise to create a more well-rounded advisor. Abacus also sponsors Associate Advisors' completion of both the Series 65 exam license and CFP® certification.

This level of hands-on experience allows Associate Advisors to have a key role in supporting their team's work while also learning about the position they will be stepping into firsthand. Abacus has also created a route for Lead Advisors who wish to shift their role to either become the Relationship Manager of their own team or, if that position does not become available, shift to a new team, in which they can serve as the Relationship Manager. The ability to work so closely with a Relationship Manager (generally a partner at the firm) helps directly prepare Lead Advisors to ultimately step into firm partnership roles.

Abacus' team structure offers several important benefits: It encourages clients to consider an entire team as their advisor, instead of a single person, which gives clients the benefits and perspectives of professionals at different points in their careers. It creates clear—and sometimes faster—career paths that attract people to the roles and help them advance through the company. It provides a transparent and direct succession plan. And it creates an incentive for advisors to commit to Abacus long-term as a place to grow and build their careers.

> *Abacus prides itself on creating a team structure that allows for the greatest level of participation from their Associate Advisors, situating them so they attend many client meetings with the Lead Advisors and Relationship Managers on their teams and observe how they manage client relationships.*
>
> **MARY BETH STORJOHANN, CFP®**
> **Co-CEO, Abacus Wealth Partners**

END OF CASE STUDY 1

Equitable Promotions

Every career path within a firm must provide equitable opportunities for promotion. Research has found that when employees believe their company's promotion process is fair, they are more likely to work harder, have a longer tenure with their employer and believe that company leaders act with integrity.[22] By contrast, inequitable promotions can lead to feelings of resentment and greater divisions between those who are repeatedly promoted (insiders) and those who are passed over (outsiders).[23]

Firms must assess and, if necessary, revise their promotion policies in the same way Section 2 discussed evaluating hiring processes. Firms should invite employee feedback as part of this promotion process assessment, including documentation from underrepresented groups.

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22. https://hbr.org/2018/01/how-you-promote-people-can-make-or-break-company-culture
23. https://www.gallup.com/workplace/401573/workplace-equity-dei-why-matters.aspx

Lean In, an initiative of the Sandberg Goldberg Bernthal Family Foundation that supports women's advancement in the workplace, states there are several key components[24] of fair promotions, including the following:

SETTING clear, consistent evaluation criteria based on job descriptions

REQUIRING unconscious bias training for all employees involved

PROVIDING reminders about how to avoid unconscious bias before the process

TRACKING outcomes to check for bias

Firms must develop clear and transparent promotion criteria that are based on employees' job descriptions and communicated directly to staff, well in advance of performance reviews. A diverse panel of managers and peers should conduct performance reviews. As with hiring, each position should have its own rubric to support a skills-based evaluation of the employee's performance and readiness for the next level in the firm. This evaluation should include an assessment of the employee's technical skills as well as their cultural competencies (and for managers, their inclusive leadership skills).

Additionally, the rubric should provide clear and consistent guidelines for considering life events that may have impacted an individual's performance (e.g., the death of a family member, the birth of a child), as well as the employee's demonstrated ability to learn from and correct mistakes. Research has found that female and minority employees are often punished more harshly than male or white peers.[25] Firms must ensure that their accountability systems are applied equitably, across positions and demographics.

Data tracking and analysis supports equitable promotions, as well. At a minimum, firms should track the demographics of who is promoted, on what timeline and based on which criteria. Similar data should be recorded for employees who do not advance following a performance review.

SMALLER FIRMS with fewer open positions may have less frequent opportunities for promotion, regardless of promotion equity. To support employee growth without advancement, these firms may consider offering other benefits to junior staff, such as focused mentorship from leadership, a chance to work more closely with different teams and the possibility of stretch assignments.

24. https://leanin.org/women-in-the-workplace-report-2018/ensure-that-hiring-and-promotions-are-fair
25. https://www.weforum.org/agenda/2019/06/the-punishment-gap-how-workplace-mistakes-hurt-women-and-minorities-most/, https://hbswk.hbs.edu/item/women-receive-harsher-punishment-at-work-than-men

Succession Planning

Clearly defined career paths are closely linked with a firm's succession planning — that is, its efforts to identify, grow and transition to the next generation of leaders.

Importantly, when firms think about their future leaders, they should not just seek to replace the individual who previously held an open position, as the term succession implies. Firms should develop innovative and adaptable leaders who can bring fresh thinking and additional skills to the role. This means that firms must think critically about what the future financial planning profession will require, asking questions such as the following:

- **Q** **Who will be the firm's future financial planning clients?**
- **Q** **How might current work modes and models change?**
- **Q** **What skills and competencies are required for future leaders?**
- **Q** **What does leadership and management mean to your firm, the industry and society?**
- **Q** **What types of leadership and management styles are currently valued? Which styles are not working?**

Answers to these questions should inform the subsequent development of a rubric that firms can use to evaluate potential future leaders, with a focus on concrete achievements and demonstrated skill sets.

SECTION 5: **SUPPORTING EQUITABLE ADVANCEMENT WITH PROFESSIONAL DEVELOPMENT**

Firms with the strongest retention cultures tend to have strong professional development programs and support systems for employees at all levels. Ideally, the professional development opportunities and resources available to each position within a firm will be clearly defined as part of the firm's job descriptions and career paths — everything from webinars and trainings to mentorship and sponsorship programs.

Firms should conduct position-specific equity assessments to identify the biggest challenges associated with each role and advancement to the next level. This information will support the creation of equitable, relevant and effective professional development plans that address specific challenges. It will also help firms understand when in their career employees typically need additional support. If, for example, attrition levels are highest among mid-level employees, individuals in those positions may benefit from enhanced mentorship, career path discussions or other interventions. Part of this assessment may involve discussions with individual employees about actions that can be taken or resources that could be offered to improve their engagement and likelihood of staying with the firm. Also known as *stay interviews*, such conversations may reveal opportunities to strengthen the firm's professional development offerings, as well as other strategies for increasing retention.

Firms should also consider allocating budget to pay employees for the time they will spend training outside of regular working hours, keeping in mind that individuals who have caregiving responsibilities may not be able to obtain child or elder care without financial assistance. Doing so supports equitable access to professional development opportunities and demonstrates to staff that you value and respect their time.

CASE STUDY

In this second, firm-provided case study, Charles Schwab discusses its creation of an inclusive culture through Employee Resource Groups, mentorship and workplace flexibility programs.

CASE STUDY 2

CHARLES SCHWAB
A HUMAN-CENTRIC APPROACH TO RETENTION

Charles Schwab (Schwab) is one of the most recognizable names in the financial services industry. The firm boasts a roster of over 30,000 individuals who work across many functions and teams to provide exceptional service for their clients. Schwab leaders recognize that, due to the company's significant size, some new employees may not initially feel a sense of belonging, as they're one small part of a large operation. That's why Schwab has implemented a human-centric empowerment model and focuses on serving each employee as an individual with specific needs.

Schwab's human-centric approach is more than an abstract value; it is a philosophy with built-in accountability measures. Schwab provides employees with opportunities to have shared experiences in supporting the strategy of seeing through clients' eyes. These opportunities enhance a sense of belonging and inclusion — both of which are staples of retention. Schwab also uses employee engagement surveys to assess the success of this program and other human-centric efforts. In addition, Employee Value Proposition Ambassadors from across the firm have been identified and engaged to assist with activating the human-centric approach. They have a clearly defined role with expectations and deliverables. These Ambassadors are a community facilitated by the Human Resources team. They share updates on progress, provide feedback from activities and receive ongoing guidance/direction to ensure there is consistency and accountability.

Schwab reinforces this human-centric approach when it comes to crafting programs that support and retain women and Black, Indigenous and people of color employees, as well.

Schwab recognizes that attracting and retaining underrepresented talent is about putting the individual at the center of everything. By providing support to underrepresented talent, Schwab believes it can strengthen both the diverse talent pipeline for the company and the financial services industry at large. Programs help to advance workforce diversity and inclusion efforts both today, offering immediate impact for employees, and with lasting impact tomorrow, providing long-term change for the industry and communities.

Schwab's Workplace Flexibility Program, Employee Resource Groups (ERGs), and its programming around belonging are intentionally designed strategies to retain diverse staff and to create a culture of inclusion at the firm.

Workplace Flexibility

As Schwab employees returned to the office in the months following the height of the COVID-19 pandemic, the company implemented a hybrid approach that balances the importance their employees place on workplace flexibility with the benefit of in-person interactions to train and learn from one another, as well as to build human connections. The workplace flexibility program gives employees 90 flexible work location days per year; they can opt to work with their managers to request more. Research shows that a more flexible work environment is an effective strategy for retaining diverse talent. A **study** by Future Forum, for example, found that remote work opportunities increase a sense of belonging for Black employees, and that approach can be applied to other underrepresented talent as well.

Schwab recognizes that flexibility in work location and schedule may open job opportunities to a wider pool of applicants, including those from underrepresented groups. Work flexibility may also help employees progress in their careers while supporting elements of their personal life that are important to them — such as being home when kids return from school or allotting more time for family commitments.

Employee Resource Groups

Schwab started its first ERG more than 30 years ago with the Black Professionals at Charles Schwab (BPACS). Since 2018, ERG participation has increased by 157%. Today, there are 10 ERGs with over 150 local ERG chapters, and more than one-third of Schwab employees are members of one or more ERGs.

Schwab ERGs host more than 1,000 events per year. The company's funding model enables ERGs to submit their annual budget request and work in coordination with the Office of the ERG, the ERG Executive Sponsors and ERG National Leads to obtain funds based on the upcoming year's goals and the total amount set aside for ERG activities across the firm.

SCHWAB'S 10 ERGS

APINS — Asian Professionals Inclusion Network at Schwab

BPACS — Black Professionals at Charles Schwab

CSAN — Charles Schwab Abilities Network

FAMS — Families at Schwab

GLOBE — International and Multicultural Professionals

MVN — Military Veterans Network

NEXT — Empowering Schwab's Next Generation

PRIDE — LGBTQ+ Network at Schwab

SOL — Schwab Organization of Latinxs

WINS — Women's Interactive Network at Schwab

Organized and driven by employees who come together around a common interest, shared characteristics or life experiences, and are committed to enhancing diversity and inclusion at Schwab, ERGs foster belonging by enabling a strong sense of connection. At Schwab, ERGs are an important ingredient in Schwab's inclusive environment and, in many respects, they represent the heart of the company's diversity and inclusion efforts by driving employee engagement and supporting career development and business objectives.

In addition, Schwab's Diversity & Inclusion (D&I) department implemented a robust ERG Mentorship Program to meet the career growth and employee engagement needs of underrepresented employees. The ERG Mentorship Program is open to all Schwab employees, including ERG members and allies. Mentees can be at any job level, and mentors are director-level and above. The program offers two three-month options, including a Guided one-to-one mentee and mentor option designed for career mobility and allyship, and a Group option led by an ERG Sponsor that is focused on career development, leadership and networking.

Mentoring is a critical component in retaining talent, and mentors play an instrumental role in career progression. In 2021, Schwab established a formal mentoring program for director-level colleagues from underrepresented communities. Schwab's D&I Mentorship Program pairs employees of color with senior leader mentors. Mentees receive career guidance, expand their network and leadership capabilities, develop supportive relationships, and prepare for growth opportunities. The program complements current leadership development programs and the ERG Mentorship Program.

Inclusion is part of Schwab's history and its continued commitment to democratizing investing through greater access to financial tools for everyone. Schwab continues to make progress toward its diversity and inclusion and retention goals. For the third straight year, the company has hosted a weeklong celebration, known as the Week of Belonging, focused on inclusion and belonging to emphasize its importance and value. The 2022 Week of Belonging included virtual and in-person interactive activities that focused on the importance of belonging, being your

authentic self at work, thriving, re-energizing company strengths and celebrating Schwab's diverse communities.

Schwab continues to build a culture that values and reflects the individual strengths of every employee. The company recognizes that diversity brings different life experiences, perspectives and approaches to solving problems. Through diversity, the company gains a wider range of perspectives and experiences, which, when coupled with inclusion, benefits clients and employees. Schwab believes that diversity and inclusion are key to success as a company each and every day. The Week of Belonging creates a unique and special opportunity to highlight and celebrate the inclusive culture that is so vital to the success of individuals and the firm as a whole. The company is stronger through diversity and inclusion.

END OF CASE STUDY 2

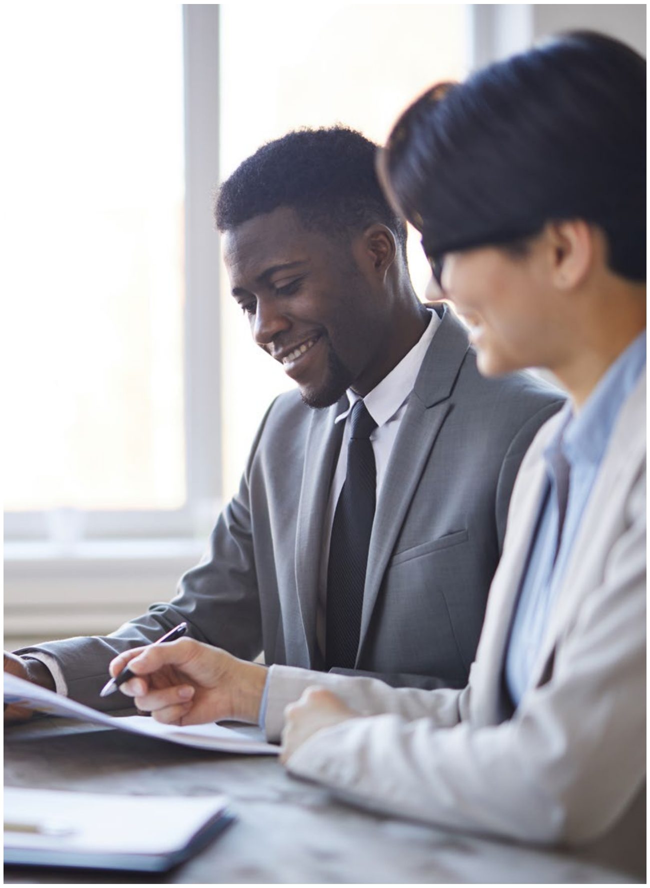
Fellowship Programs

Fellowship programs can be a particularly beneficial part of a small firm's professional development strategy. Such firms typically have less ability to sustain individuals at the mid-career level due to company size or structure. Fellowship programs focus on hiring and cultivating staff at the junior level with curated professional development experiences. Employees are paired with a senior manager mentor, with whom they work closely to develop their client service skills and collaborate on stretch assignments. Junior staff who participate in fellowship programs are expected to leave the company for another, larger firm (typically one that is actively partnering with the smaller firm to develop new talent) once they reach mid-level positions. The smaller firm may elect to rehire its former employees, but at the C-suite level, after they have built up their own book of business.

CASE STUDY 3

EDWARD JONES
CULTURE OF BELONGING FUELS HIGHER RETENTION AND BETTER PERFORMANCE

In this third and final case study, Edward Jones shares its story of using client transition programs and personalized employee performance supports to improve diverse representation and retention across the firm.



For more than 100 years, Edward Jones has been one of the premier financial services firms in North America. The firm's purpose — to partner for positive impact — not only drives the work its financial advisors and branch support members do for their clients and the communities they serve, but also shapes the firm's culture. Edward Jones established a diversity, equity and inclusion (DEI) capability more than 25 years ago and has diligently sought to create a sense of belonging for all stakeholders ever since.

Building upon this history, in 2020 Edward Jones committed to improving diverse representation across the organization, from financial advisors to the most senior leadership levels, by the end of 2025. The firm set and reached a goal of having women hold 50% of its U.S. and Canada home office leadership positions. It also made significant progress toward increasing the percentage of leadership positions held by people of color. As of the end of 2022, people of color in leadership in the firm's U.S. and Canadian headquarters were 19%, with an ultimate goal of 20%. Both home offices have reported an increase in the number of applications received from and hires of people of color.

One key DEI initiative is Edward Jones' Goodknight Plan. Through this program, veteran financial advisors transfer some of their client relationships, typically to newer advisors as they grow their practices. Such client transition programs ensure that clients continue to receive excellent service while supporting the professional growth and development of financial advisors who are building a client base. While the Goodknight Plan has existed at Edward Jones for many years, more recently the firm evolved the program to promote a more diverse group of

> *Building a diverse, equitable and inclusive firm is important to our continued success as a financial services provider and employer of choice. We are building a place of belonging for all where our clients as well as our colleagues feel seen, heard, respected, valued and understood. Reflecting on our journey thus far, we aspire to be representative of the communities we serve now and in the future. We want to grow our diversity across multiple dimensions; we understand that the opportunity we have to serve more clients and help people build financial resilience depends on it.*
>
> **JENNIFER KINGSTON**
> **Head of Diversity, Equity and Inclusion at Edward Jones**

advisors benefit from the client transitions. Edward Jones' commitment to equitable outcomes has been a factor in improving the retention and performance of financial advisors who are women and people of color.

The firm also established a retention-focused program for financial advisors called ReLaunch Your Career. Built with input and feedback from many of the firm's financial advisors, the program is designed to deliver hyper-personalized, tailored support to help financial advisors serve their clients in deeper ways while meeting performance expectations.

Participants are matched with two potential mentors, based on their identified needs, and are able to select their preference of mentor after exploratory conversations with each. In addition to tailored mentorship, the participants are also matched with additional performance-support mechanisms, like new client lead-generation tools, to help identify and improve on opportunities. A pilot of the program began in October 2020. Participants saw higher performance improvement and lower attrition rates than non-program participants. Learnings from the pilot are now being embedded across the firm's performance support system.

END OF CASE STUDY 3

Stretch Assignments

The assignment of special and/or stretch projects, such as launching a new initiative, researching a new market or leading development of a strategic plan for the firm, represents another important category of professional development opportunities. The assignment of such projects must be done equitably, employing similar processes and criteria as advancement decisions. Firms should evaluate and revise their assignment processes using several key questions.

Conducting these analyses will help to reduce the impact of bias, especially when factors of race and gender can be compounded, and increase the hiring, promotion and advancement of women of color.

Q What is the assignment? (Be as specific as you can.)

Q What skills and/or competencies are required for the project?

Q Who has traditionally been asked to do these kinds of projects?

Q Who have the last several projects gone to, and is there any demographic consistency (e.g., white men, Indigenous women)?

Q Have the skills or competencies built in other special projects led to advancement, growth and/or development for the individual?

SECTION 6:
MEASUREMENT & ACCOUNTABILITY

What does a successful retention strategy look like? This may depend on the size of the organization, the nature of the firm's work, and the racial and gender makeup of the firm, among other considerations. However the firm defines success, its achievement must be supported by a robust measurement program coupled with a thoughtful system of accountability. Committing to measurement and accountability also demonstrates to your employees that you are serious about your DEI goals and are willing to put the full weight of the firm's resources behind them.

Key Metrics

Although each firm may develop its own set of retention metrics based on its unique characteristics, best practices in this area suggest several key data points that all companies should track:

☑ **Promotions/ transfers vs. departures (voluntary vs. involuntary)**	☑ **Retention per manager/ department**	☑ **Average employment length (by demographics)**	☑ **Cost of turnover**

With regard to turnover costs, experts estimate that the expense of a lost employee is anywhere from tens of thousands of dollars to two times an employee's annual salary.[26] These estimates generally include the costs of hiring, onboarding and training the employee; professional development resources used by the individual; and the time spent with an unfilled role.[27]

The overall annual cost of turnover can be described as follows:

(Hiring + Onboarding + Development + Unfilled Time)
x (Number of Employees x Annual Turnover Percentage)

= ANNUAL COST OF TURNOVER

Keep in mind that some turnover costs are intangible, such as the effect on employee morale.

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26. https://www.gallup.com/workplace/236051/real-value-getting-exit-interview-right.aspx
27. https://www.huffpost.com/entry/how-much-does-employee-turnover-really-cost_b_587fbaf9e4b0474ad4874fb7?utm_source=link_wwwv9&utm_campaign=item_236051&utm_medium=copy

External and Internal Benchmarking

With key metrics defined, companies must then set internal and external benchmarks. Internal benchmarks allow a firm to make comparisons within itself. A firm with multiple offices, for example, may wish to compare promotions and turnover in one location against the others. This can also be done across departments or teams, or even firm-wide, over a set period of time, to gauge progress toward a specific goal. External benchmarking compares a firm's data to companies of similar sizes, in the same profession, or with a similar mission and vision. Both types of benchmarks help firm leaders understand whether and how the company is meeting its retention goals, where it has achieved the most progress, where there are the most significant opportunities for improvement and how retention strategies may need to change.

Exit Interviews

As unfortunate or inconvenient as it may be when an employee decides to leave, firms should not miss the opportunity to conduct an exit interview with that individual. Exit interviews provide an opportunity for employees to be honest about their experience with the firm, without fear of retaliation. They can uncover a multitude of issues that help companies improve processes and procedures.[28] Outgoing employees' answers to exit interview questions can provide insights into biases they experienced at your firm, what components of your retention strategy are or are not working, and what your competitors may be offering to attract talent.

Importantly, feedback received during an exit interview can be a key part of a company's strategic planning process only when it is collected properly. This information can be captured in a variety of ways, ranging from online surveys or questionnaires to one-on-one discussions. In all cases, exit interviews should consist of a base set of predetermined questions. (The one-on-one format may provide more opportunities for follow-up on key issues raised by the employees' responses.) Information from the interviews should be kept confidential, and the employee should be told as much, with an acknowledgment of exceptions for legal concerns, such as allegations of sexual harassment or discrimination.

Incentivizing Accountability

Metrics will help a firm meet its retention goals only if they are connected to an accountability structure. The most basic way to do so is to tie equity goals to bonus and promotion decisions. This approach has the added advantage of demonstrating that DEI is critical to and embedded within everything the firm does. Several companies have tied the hiring of women and people of color to the bonuses that managers and executives receive; for example, 43% of companies that use Environmental, Social and Governance standards (ESG) set human capital standards. In such an approach, firms should consider whether the individual up for review and promotion had led diversity programming, chaired Employee Resource Groups (ERGs), led diversity and equity committees, or mentored junior staff. There is also the ongoing consideration of equity within bonus structures that should mirror the care, attention and objective criteria to ensure that women and people of color do not receive inequitable outcomes.[29]

Outside of pay and promotion decisions, simple rewards and recognition are often the most concrete and emotionally supportive interventions firms can implement to advance DEI objectives. For example, at an all-staff meeting, a firm executive may acknowledge a manager who embodies the company's DEI goals and practices — perhaps by hiring and retaining a racially diverse, high-performing team for over five years, by facilitating their team's provision of pro bono financial literacy to communities of color, or by continuously learning about racial equity. This simple acknowledgment conveys the value and importance of the manager's work to the entire firm and sets a semi-public bar for other managers.

28. https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/viewpoint-dont-underestimate-the-importance-of-exit-interviews.aspx
29. https://www.shrm.org/resourcesandtools/hr-topics/compensation/pages/bonus-programs-can-broaden-equity-gap.aspx

CONCLUSION

Workplace culture plays a significant role in determining an employee's experience with a firm. It influences every aspect of the work that is done and the interactions, positive or negative, that an employee will have.

A culture of retention emphasizes integration. It promotes continuous learning, curiosity and creative thinking among all employees. It must be embedded throughout an organization — from the recruitment and onboarding process to mentorship and professional development programs — and supported by a system of accountability. And while managers, supervisors and company executives are responsible for building and maintaining a culture of retention, employees must have mechanisms for providing feedback and other input that help to strengthen that culture.

Cultural assessments, employee engagement surveys and exit interviews can help a firm assess its culture and track progress over time. However, those assessments are valuable only when coupled with thoughtful analysis, work planning, the implementation of new or continuing initiatives, and accountability. A firm must also know and articulate the culture toward which it is evolving.

As the need for competent, ethical and diverse financial planners grows, so does the need for the financial planning profession to look inward and examine the retention culture (or lack thereof) in its workplaces. Firm leaders must re-examine their internal practices and policies to ensure that employees are not only brought into a company, but are also put on a clear path that allows them to thrive.

RESOURCES

Equity Lens for Decision Making Harvard: School of Public Health

CFP Board Registered Programs: **https://www.cfp.net/get-certified/certification-process/education-requirement/certification-coursework-requirement/find-an-education-program**

U.S. HBCUs: **https://sites.ed.gov/whhbcu/one-hundred-and-five-historically-black-colleges-and-universities/**

U.S. HSIs: **https://sites.ed.gov/hispanic-initiative/hispanic-serving-institutions-hsis/**

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