

News, Quotes, Companies, Videos SEARCH

U.S. EDITION Friday, June 14, 2013 As of 11:51 AM EDT

SUBSCRIBE NOW and get 3 MONTHS for the PRICE OF 1 SUBSCRIBE NOW

Subscribe Log In

Home World U.S. New York Business Tech Markets Market Data Opinion Life & Culture Real Estate Management C-Suite Wall Street Heard on the Street WSJ.Money Personal Finance Investing Stocks Funds/ETFs Bonds Commodities Currencies Wealth Mgmt CFO Journal

TOP STORIES IN WEALTH MANAGEMENT 2



More Estate Plans Account for 'Digital Assets'

SEC Settles Pricing Case Vs Regions Morgan Keegan Fund Directors



Voices: Karen Harding, on Choosing Fund-Manager



Black Community Underserved by Advisers

4 of 12

5 of 12

WEALTH MANAGEMENT | June 14, 2013, 11:51 a.m. ET

# How Not to Get Burned by a Partner

Article

Comments

MORE IN WEALTH MANAGEMENT JOURNAL >

Email Print

By VERONICA DAGHER

NEW YORK--Partnerships, like marriage, can fall apart quickly. Especially when one partner is trying to burn the other.

### More from Wealth Management

- [Big Dow Dips Overstate Stocks' Weakness](#)
- [More Estate Plans Account for 'Digital Assets'](#)
- [Visit the new Wealth Management site](#)

steal the clients.

Steve Atkinson, head of adviser relations for investment manager Loring Ward in San Jose, recalls a case in which a partnership crumbled when one adviser tried to, essentially,



Enlarge Image

Getty Images

That partner was responsible for administration, including all the paperwork--and used that to place all of the client accounts legally under only his name. Then, he tried to leave and carry off that book, even though it was his partner who had brought in all the clients.

In the end, it was the clients who foiled the maneuver, by deciding to "switch" back to the adviser who had signed them up. "Clients tend to stay with the 'first impression' adviser," Mr. Atkinson says.

The lesson in this case, he says: Don't completely delegate all documentation to someone else in a partnership--keep a share of responsibility in, or at least oversight of, all critical functions.

One common way that partnerships can turn "toxic" is when one partner begins to feel more valuable than his or her peers--and begins showing it, says Mark Tibergien, chief executive for Pershing Advisor Solutions LLC. Typically, this happens when an adviser who is especially good at bringing in new business

BlackRock  
**STRATEGIC INCOME OPPORTUNITIES FUND**  
 BASIX A more diverse, adaptable approach to bond investing.  
 SHOW ME  
 BLACKROCK

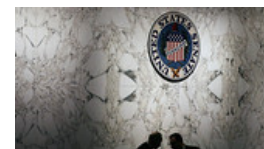
**THE NEW PORTFOLIO TOOL ON WSJ.COM:**  
 ENTER YOUR BROKERAGE ACCOUNT DETAILS.  
 WE'LL GIVE YOU ALL THE NEWS AND INFO YOU NEED.  
 LEARN MORE  
 provided by LikeAssets

### Available to WSJ.com Subscribers

**For One Asbestos Victim, Justice Is a Moving Target**



**Tough Place to Fill Jobs: U.S. Senate**



**Airbus Set to Double**

believes he deserves higher compensation than others who may spend more time on other aspects of the practice, including advice or operations.

"They tend to forget the sale is incomplete unless the rest of the team does their job well," Mr. Tibergien says. And, he adds, the other partners chafe under what they feel is "emotional blackmail"--they can either meet the rainmaker's demands or risk losing him or her, and a big chunk of business.

Another way that partnerships can crumble: When one adviser starts playing some colleagues or staff off of others. "When partners stop behaving as a unified force, the employees are like children in a divorce. They get freaked out and put in the middle," Mr. Tibergien says.

Partnerships also are sometimes threatened when one adviser's productivity dives, say for health reasons, and he or she expects to continue to receive the same compensation, notes Al Depman, a practice-management consultant in Rochester, Minn. He recommends all partnerships include a disability buyout clause for each member.

Partnership agreements need to be detailed with, on the one hand, common guidelines and standards for the partners and, on the other, specific roles, responsibilities and expectations for each.

Having an "iron-clad" team/partnership agreement in place is crucial, says Michael Silver, senior managing partner for consulting firm Focus Partners LLC in Paramus, N.J. It should spell out revenue splits and how they can be reviewed and adjusted, and contain clear procedures for buying out a partner and for a firm breakup.

Mr. Tibergien says partners would be wise to establish a framework for how decisions are made and how meetings should be conducted. They should write a statement of "cultural values" and refer to it frequently. The language might include a commitment to "always address our conflicts directly with the source of our conflict, and not triangulate," he says.

Regular meetings to discuss policy and resolve issues before they grow too big can help. Partners need to confront bad behavior among them quickly, and be prepared to sever relationships that are damaging the firm, Mr. Tibergien says.

And staff shouldn't doubt who is in charge. "Partners should lead by example and remember to act like adults, not kids--owners, not employees," he says.

JOIN THE DISCUSSION  
Be the first to comment

MORE IN  
Wealth Advisor »

Email

Print

Order Reprints

**THE NEW PORTFOLIO TOOL ON WSJ.COM:**  
ENTER YOUR BROKERAGE ACCOUNT DETAILS.  
WE'LL GIVE YOU ALL THE NEWS AND INFO YOU NEED.

LEARN MORE

provided by LikeAssets

### Profit Margin



### Euro Becomes the Port in a Storm



GET 3 MONTHS FOR THE PRICE OF 1 [SUBSCRIBE NOW](#)

### Don't Miss

[?]



**Applying to Harvard Business School Just Got Easier**



**Five Stocks Warren Buffett and Insiders Like**



**The Most Important Watch of 2013**

### More in Wealth Management Journal

[Big Payouts For Advisers Who Draft Financial Plans](#)

[A Simple Will May Still Not Do](#)

[Merrill Hires 4 Morgan Stanley Brokers in New Jersey](#)

### Popular Now

What's This?

**1 Opinion: The Absent Commander in Chief**



**2 Want a Law Job? Learn the Health-Care Act**



**3 A Different Take on Reality TV: 18 Hours of Swimming Salmon**



**4 For One Asbestos Victim, Justice Is a Moving Target**



**5 Think Inside the Box**



**Bank of America®**

Building Strong Local Businesses & Communities with Lending Programs.  
bankofamerica.com/about

**Billionaire Battle!**

Which billionaire will win this fight?  
euroworldnews.com/637/

**Warren Buffett Confesses**

Warren Buffetts Shocking Confession Will Change your Investing Strategy  
www.MarketTrendSignal.com

**Oil & Gas Royalty Income**

\$2500 min. 50 well program. Monthly Income. Accredited Only.  
KentuckyOilinvesting.com

Show 5 More

**New Rule in NEW JERSEY:**

(JUN 2013): If You Pay For Car Insurance You Must Read This Immediately  
www.ConsumerFinanceDaily.com

**How To Win Mega Millions**

Discover How Professor Wins Mega Millions 4 Times In A Row.  
www.winning-numbers.us/cn/9.9a

**Oil & Gas Royalty Income**

\$2500 min. 50 well program. Monthly Income. Accredited Only.  
KentuckyOilinvesting.com

**Don't Miss**



**Five Things the Sleep-Aid Industry Won't Say**



**Kate Upton and the Rise of the Curvy Customer**



**Meet Buffett's 28-Year-Old Go-To Executive**



**The Five Happiest Countries**

**Content from our Sponsors [?]**



INVESTOPEDIA

**Baby Buffett Portfolio: His 6 Best Long-Term Picks**



ISHARES BLOG

**How to Invest After the Market Rally**



HOUSELOGIC

**10 Things a Burglar Doesn't Want You to Know**

**You Might Like**

Big Dow Dips Overstate Stocks' Weakness

More Estate Plans Account for 'Digital Assets'

Krugman Accused of 'Uncivil Behavior'

Merrill Hires 4 Morgan Stanley Brokers in New Jersey

'We're Paid Too Much, And Don't Know Why'

**Content from our Sponsors**

What's this?

Goldman Sachs CEO Speaks Directly to Investors in Annual Report (The Huffington Post)

What Flying Has Taught Jim Hagedorn, CEO of Scotts Miracle-Gro (NYSE)

Sports Illustrated Models' Sexiest Shots (Travel Channel)

Tour Bruce Willis' Idaho Home for Sale (FrontDoor)

Retirement Savings...Do You Understand the Cost of Waiting? (BlackRock)

**Add a Comment**

JOURNAL COMMUNITY

[Community rules](#)

To add a comment please

**Log in**

**Create an Account**

Your real name is required for commenting.

Track replies to my comment

CLEAR

POST

Subscribe Now for Full Access to WSJ.com and Get

**3 MONTHS for the PRICE OF 1**

**SUBSCRIBE NOW**

**WSJ Subscriber's content provides:**

- **Personalized** tracking of industries
- **Heard on the Street:** up-to-the-minute news and analysis that affects the markets and industries
- **Core business news:** "What's News" and new "Management" section

**Editors' Picks**



**Rose Wins a Brutally Tough U.S. Open**



**Huawei Set to Launch New Smartphone**



**A Different Take on Reality TV: 18 Hours of Swimming Salmon**



**Tech Companies at Odds With NSA Over Surveillance**



**More U.S. Schools Go International**



[Subscribe](#) / [Login](#)

[Back to Top](#)

**Customer Service**

- Customer Center
- New!** Live Help
- Contact Us
- WSJ Weekend
- Contact Directory
- Corrections

**Policy**

- Privacy Policy
- Data Policy
- Copyright Policy
- Subscriber Agreement & Terms of Use

**Ads**

- Your Ad Choices
- Advertise
- Advertise Locally
- Place a Classified Ad

**Tools & Features**

- Apps
- Newsletters and Alerts
- Graphics & Photos
- Columns
- Topics
- Guides
- Portfolio
- Old Portfolio

**More**

- Register for Free
- Reprints
- E-books
- Content Partnerships
- Conferences
- SafeHouse
- Mobile Site
- News Archive

[Jobs at WSJ](#)

Copyright ©2013 Dow Jones & Company, Inc. All Rights Reserved.