

Methodology: America's Top RIA Firms 2022

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Forbes/Shook Top RIA Firms

Clearly more and more families are entrusting independent advisors to manage their assets. But how does one choose between countless firms? It's one thing to choose an advisor who works for a global brand, like a major bank. But how does one begin to choose amid thousands of independent firms?

SHOOK is here to help. As the world's only advisor research firm in the world with a specialty in quality. SHOOK performs deep due diligence as the basis for its rankings.

Disclosure: SHOOK is completely independent and objective, and does not receive compensation in exchange for placement on its rankings.

What Qualities Does SHOOK Look For?

To start, every ranking of independent advisors we've seen focus on size—total assets under management, headcount, etc. But that's like recommending a major bank—how does recommending an entire firm help anyone looking for a single trusted advisor?

For bigger firms, SHOOK focuses in individuals or teams. But for individuals looking for an independent advisor, SHOOK's focus on quality skews its recommendations towards firms in which we can thoroughly understand how

each client is actually treated. In doing so, we focus on advisors that are either directly registered as an RIA or leverage a corporate RIA, and measure aspects like processes that are inherent in each client relationship, what is the team's purpose, and what is the underlying culture that we see throughout all levels of employees.

When we meet with these independent firms, we take a close look at leadership and the senior principals since they tend to dictate every client's experience. When we meet with a firm or an advisor for a due diligence meeting, we are always thinking to ourselves, "Would we recommend this firm (or individual) to a friend or family member?" Quality is always first, if we're going to include a firm (or advisor) on our rankings, we have to make sure everyone is of the highest quality.

The *Forbes* ranking of America's Top RIA Firms, developed by [SHOOK Research](#), is based on an algorithm of qualitative criteria, mostly gained through telephone, virtual and in-person due diligence interviews, and quantitative data. The algorithm weighs factors like revenue trends, assets under management, compliance records, industry experience and those that encompass best 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* nor SHOOK receive a fee in exchange for rankings.

(For the full list and more, visit www.forbes.com/lists/top-ria-firms; advisors can complete a survey for upcoming rankings at www.SHOOKresearch.com.)

Research Summary (as of October 2022)

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

- 36,535 nominations received, based on thresholds
- 21,116 invited to complete online survey
- 15,342 telephone interviews
- 3,250 in-person interviews at advisors' location
- 1,357 virtual interviews

*Approximately 20% represent independent advisors.

The SHOOK Process

SHOOK scours the financial services industry for nominations. SHOOK accepts advisors who meet pre-determined minimum thresholds and acceptable compliance records. As of this date, SHOOK has received nearly 36,535 nominations—advisors who meet SHOOK's thresholds. 21,116 of these nominees have taken 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—firms 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 ranking firm that interviews firms and advisors via telephone and in person at the firm's location.

Basic Requirements

- Minimum of 7 years as an advisor for 1 partner/principal
- Fully operational as a practice for a minimum of 1 year
- Must incorporate a fiduciary model
- Completion of online survey
- Over 50% of business must be with individuals
- Acceptable compliance record

Quantitative Metrics

- Revenues
- Assets under management—and quality of those assets
- Client-related data, such as retention rates
- Portfolio performance is not a factor; audited returns among advisors are rare, and differing client objectives provide varying returns

Qualitative Metrics

- Telephone, virtual and in-person meetings with firms (if an in-person meeting cannot be accomplished, exceptions are considered in which the interview will occur after a ranking has been published).

- Compliance records. 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.
- Firms that provide a full client experience: Service model; investing process; fee structure; breadth of services (e.g., liabilities and other wealth management services)
- Credentials (years of service can serve as proxy)
- Use of team and team dynamics
- Community involvement
- Discussions with management, peers, competing peers

U4/Compliance Issues

The following conditions will be considered in order 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 as a result of administrative error or failure by firm

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

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

Ranking Algorithm

The algorithm is designed to fairly compare the business practices of a large group of firms 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 firms 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 and not indicative of future performance or representative of any one client's experience. 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.